



## Exporter Verification Report

### Verification & Case Details

<b>Initiation Date</b>	30/03/2020	<b>ADN:</b>	2020/032
<b>Case Number</b>	548		
<b>The goods under consideration</b>	Kraft Paperboard		
<b>Case type</b>	Dumping Investigation		
<b>Exporter</b>	WestRock Company		
<b>Location</b>	Remote verification		
<b>Investigation period</b>	1/01/2018 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

<b>CONTENTS</b>
-----------------

<b>CONTENTS .....</b>	<b>2</b>
<b>1 PREFACE .....</b>	<b>3</b>
<b>2 COMPANY BACKGROUND.....</b>	<b>4</b>
2.1 CORPORATE OWNERSHIP AND FUNCTIONS .....	4
2.2 RELATED PARTIES.....	5
2.3 ACCOUNTING RECORDS .....	5
<b>3 THE GOODS AND LIKE GOODS .....</b>	<b>6</b>
3.1 PRODUCTION PROCESS.....	6
3.2 MODEL CONTROL CODES (MCCs) .....	6
3.3 THE GOODS EXPORTED TO AUSTRALIA .....	7
3.4 LIKE GOODS SOLD ON THE DOMESTIC MARKET .....	7
3.5 LIKE GOODS – ASSESSMENT .....	7
<b>4 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE .....</b>	<b>8</b>
4.1 EXCEPTIONS DURING VERIFICATION OF SALES COMPLETENESS AND RELEVANCE .....	8
4.2 SALES COMPLETENESS AND RELEVANCE FINDING .....	8
<b>5 VERIFICATION OF SALES ACCURACY .....</b>	<b>9</b>
5.1 EXCEPTIONS DURING VERIFICATION OF SALES ACCURACY.....	9
5.2 SALES ACCURACY FINDING .....	9
<b>6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) COMPLETENESS AND RELEVANCE .....</b>	<b>10</b>
6.1 COMPLETENESS AND RELEVANCE FINDING OF CTMS DATA .....	10
<b>7 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY .....</b>	<b>11</b>
<b>8 EXPORT PRICE.....</b>	<b>12</b>
8.1 THE IMPORTERS.....	12
8.2 THE EXPORTER .....	12
8.3 ARMS LENGTH.....	13
8.4 EXPORT PRICE – ASSESSMENT .....	14
<b>9 DOMESTIC SALES .....</b>	<b>15</b>
9.1 ARMS LENGTH.....	15
9.2 ORDINARY COURSE OF TRADE .....	15
9.3 VOLUME OF RELEVANT SALES .....	16
<b>10 ADJUSTMENTS .....</b>	<b>17</b>
10.1 RATIONALE AND METHOD.....	17
10.2 ADJUSTMENTS .....	19
<b>11 NORMAL VALUE .....</b>	<b>20</b>
<b>12 DUMPING MARGIN.....</b>	<b>21</b>
<b>13 APPENDICES AND ATTACHMENTS.....</b>	<b>22</b>

## **1 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).<sup>1</sup>

---

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

## 2 COMPANY BACKGROUND

### 2.1 Corporate Ownership and Functions

The legal entity comprising the WestRock business is WestRock Company, which is listed on the New York Stock Exchange.

WestRock Company was formed upon the completion of the merger of MeadWestvaco Corporation and Rock-Tenn Company on and from 1 July 2015 to give effect to the combination.

The WestRock combination comprises multiple companies, organised into four reportable segments:

- Corrugated Packaging;
- Consumer Packaging;
- Land and Development; and
- Corporate.

WestRock Company describes itself as a 'multinational provider of paper and packaging solutions' and states its Consumer Packaging Segment 'operates integrated virgin and recycled fibre paperboard mills and consumer packaging converting operations, which convert items such as folding and beverage cartons, interior partitions, inserts and labels'.

The legal entity that owns and operates the Mahrt Mill, being the facility at which wet-strength treated kraft paperboard is manufactured, is WestRock Coated Board, LLC (WestRock CB). The sales entity for the goods is WestRock MWV, LLC (WestRock MWV). WestRock CB and WestRock MWV are wholly owned subsidiary companies under the parent company, WestRock Company.

The WestRock combination describes itself as a major world producer of packaging and packaging materials.

The products manufactured and sold by WestRock combination, and its activities, include:

- containerboard;
- corrugated containers;
- displays;
- folding cartons;
- kraft paper;
- paperboard;
- partitions and protective packaging;
- pulp; and
- recycling.

WestRock CB produces the goods and like goods; WestRock MWV sells them in the domestic market and to the Australian and third country export markets.<sup>2</sup>

---

<sup>2</sup> The verification team notes that WestRock Company does not consider it exported the goods under consideration during the investigation period. This is on the basis that the goods it exported were not for the end use described in section 2.3 of *Consideration Report 548* (document #2 on the electronic public record (EPR) for Investigation 548), being for packaging 12 or more beverage can multipacks.

## **2.2 Related Parties**

The verification team examined the relationships within the WestRock combination and between WestRock Company and parties involved in the manufacture and sale of the goods.

### **2.2.1 Related suppliers**

The verification team found that companies within the WestRock combination supplied materials and equipment used in the manufacture of kraft paperboard, however it did not have any related party suppliers of raw materials, outside this combination, involved in the manufacture of the goods during the investigation period.

### **2.2.2 Related customers**

The verification team found:

- WestRock MWV's domestic customers of like goods in the investigation period include sales within the WestRock combination and non-related parties; and
- all goods exported to Australia during the investigation period were sold to related parties.

## **2.3 Accounting records**

WestRock Company's financial accounting period is from 1 October to 30 September. Its accounts are kept in US dollars and maintained in accordance with the US generally accepted accounting principles (GAAP).

WestRock Company used Ernst & Young as auditors for 2018 and 2019.

WestRock Company prepares consolidated financial statements that include its accounts and the accounts of its wholly and partially owned subsidiaries within the combination. The WestRock combination accounts as if a single corporation.

Mahrt Mill is a separate business unit within the WestRock combination. WestRock Company provided the verification team copies of the Mahrt Mill unaudited financial statements for the 2018 and 2019 calendar years.

### 3 THE GOODS AND LIKE GOODS

#### 3.1 Production process

WestRock Company explained that production process is as follows:

- Wood yard
  - wood is received into the mill in the form of logs or chips
  - debarking drum removes bark from the logs prior to chipping
  - wood chips are piled for storage prior to the pulping process
- Utilities
  - the utilities department treats river water and uses bark from the debarking process, purchased wood/forest products residuals and reclaimed biomass solids from the waste water treatment process to produce steam, electricity and mill water for use in other production areas
- Pulp mill
  - wood chips are converted to pulp using white liquor and steam in either the continuous or batch digester systems
  - digested wood pulp is screened to remove uncooked knots and washed to separate fibres
- Chemical recovery
  - black liquor from the pulp mill washing process is sent to Recovery to be concentrated and burned, producing steam energy to complement the steam from the Utilities department
  - smelted chemicals from the recovery boilers are re-constituted to white liquor, with a small amount of makeup chemical sent back to the pulp mill
- Paper machines
  - two Fourdriner-style paper machines produce the web substrates of the various grades of coated and uncoated paperboard
  - functional and process additives are used in the water-separating phase of the papermaking process
  - starch is added in the finishing phase of drying the sheet
  - coatings applied to the substrates are made by mixing clays, pigments and binders
  - reels checked for quality control
  - reels are then fed to the winding process, making individual rolls according to customer orders
- Shipping
  - the shipping warehouse coordinates the loading of produced rolls
- By-Products
  - the pulping and chemical recovery processes produces by-products of turpentine and tall oil

#### 3.2 Model Control Codes (MCCs)

WestRock Company did not propose a structure for model control codes in its response to the exporter questionnaire (REQ). Further, WestRock Company indicates in its REQ, that price lists are not used for negotiating prices for export or domestic sales.

In the absence of clear indicators of what drives unit price differentials, the verification team analysed price by the grammage (GSM) of products which indicated that the higher the

GSM, the higher the unit price. In addition, the verification team observed that the form, i.e. rolls or sheets, also affects unit price.

The verification team considers it reasonable to have regard to GSM categories and form (i.e. rolls or sheets) for model matching purposes because:

- domestic prices show different prices by GSM category and form (rolls or sheets);
- cost of production per MSF (thousand square feet) would logically be greater as GSM increases, and for sheets over rolls, even though WestRock does not report costs in that manner; and
- no other product characteristics appeared to affect price or cost of production.

### **3.3 The goods exported to Australia**

The verification team was satisfied that WestRock CB produced, and WestRock Company, through its sales entity WestRock MWV, exported, the following GSM of the goods to Australia during the investigation period:

- 381 GSM (rolls)

The verification team note that WestRock Company has made submissions with respect to the investigation in relation to the end use of the goods it exports to Australia.

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

The verification team was satisfied that WestRock Company, through its sales entity, WestRock MWV, sold like goods in the domestic market.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, and the costs of production for models sold domestically and for export are the same);
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- the goods compete in the same market sector, are interchangeable and use similar distribution channels; and
- can be considered functionally alike, as they have similar end uses.

WestRock Company sold like goods on the domestic market with the following GSM's during the investigation period:

- 381 GSM (rolls and sheets)
- 400 GSM (rolls and sheets)
- 415 GSM(rolls and sheets)

### **3.5 Like goods – assessment**

The verification team considers that the goods produced by WestRock CB 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 Act.

**4 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 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 (noting this exercise was completed separately for 2018 and 2019):

- WestRock MWV’s detailed sales listing for export and domestic sales were reconciled to sales summary reports;
- Sales summary reports were reconciled to the unaudited accounts for the Mahrt Mill business unit, which included the goods and like goods;
- The revenue figures for the Mahrt Mill business unit were reconciled to WestRock Company’s Consumer Packaging business segment; and
- The revenue for Consumer Packaging business segment was reconciled to the net sales figures in WestRock Company’s audited consolidated financial statements.

The verification team did not identify any material issues 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 completeness and relevance**

No.	Exception	Resolution
1	WestRock Company reported the financial data in REQ: <i>B-4 Upwards sales</i> worksheet for the Mahrt Mill business unit. The verification team was not able to verify these financial statements to the company’s audited financial reports.	WestRock Company provided reports from its financial systems containing profit and loss data for each business unit in the Consumer Packaging business segment and for each business segment within WestRock combination and finally WestRock Company’s total profit and loss, presented on a quarterly basis and converted to a calendar year basis.

**Table 1 – Exceptions during sales completion and relevance verification**

**4.2 Sales completeness and relevance finding**

The verification team is satisfied that the sales data provided by WestRock Company, including the amendments outlined in the exception table in Section 5 below, is complete and relevant.

**5 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**.

**5.1 Exceptions during verification of sales accuracy**

No.	Exception	Resolution
1	WestRock Company reported in its export sales listing bunker fuel charges, together with access/export chassis charges and freight forwarding charges.	WestRock Company revised its export sales listing to separate out the bunker fuel charges from access/export chassis charges and freight forwarding charges to enable bunker fuel charges to be deducted from CIF prices to derive FOB prices.
2	WestRock Company reported credit terms in its export sales listing does not match the proof of payment documents of the sales selected for downwards verification.	WestRock Company provided details of its accounts receivable ledger for export sales, and the accounts receivable turnover ratio was calculated.
3	In its REQ, WestRock Company reported access/export chassis, ocean freight and inland transport in AUD; and the bunker fuel and forwarding charges in USD in its sales listing.	WestRock provided a revised Australian sales listing to report all these costs in USD.
4	Two transactions were identified in WestRock Company's export sales listing that did not include an ocean freight charge for CIF sales.	WestRock Company advised that this is because the goods were not processed and invoiced at the time of shipping. The ocean freight charges for each transaction were allocated to the invoice of other goods, shipped at the same time. The verification team reallocated the cost of ocean shipping across invoices shipped together based on a proportion of quantity.

**Table 2 Exceptions during verification of accuracy of sales data**

**5.2 Sales accuracy finding**

The verification team is satisfied that the sales data provided by WestRock Company, including the amendments 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**.

## 6 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 in accordance with ADN No. 2016/30.

The verification team verified the relevance and completeness of the cost to make (CTM) data as follows (noting this exercise was completed separately for 2018 and 2019):

- WestRock Company's COGS for each of the following business segments was reconciled to its audited financial reports:
  - Consumer Packaging;
  - Corrugated Segment;
  - Land & Development; and
  - Corporate.
- The Mahrt Mill and other Consumer Packaging Segment Divisions were reconciled to the total Consumer Packaging segment; and
- WestRock CB's detailed CTM data (provided by GSM by quarter) was reconciled to Consumer Packaging, Mahrt Mill business unit COGS data.

The verification team did not identify any material issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

### 6.1 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data provided in the exporter questionnaire response by WestRock Company is complete and relevant.

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

The Commission generally undertakes a verification of CTMS data submitted "downwards" to source documents to verify the accuracy of the data. However, in the circumstance relating to WestRock Company, rather than conduct a full downwards verification of WestRock Company's CTMS data, the verification team considered the following observations and findings:

- the satisfactory upwards reconciliation of WestRock Company's CTMS data;
- the satisfactory verification of WestRock Company's export sales, domestic sales and adjustments data;
- the CTMS data for other cooperating exporters that were subject to full verification; and
- the profit levels earned by WestRock Company on its domestic sales of like goods and the relationship to OCOT.

Having regard to the above information the verification team was satisfied that the CTMS data provided by WestRock Company was suitable for identifying its domestic sales of like goods sold in OCOT.

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

## 8 EXPORT PRICE

### 8.1 The importers

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

### 8.2 The exporter

#### 8.2.1 The Mahrt Mill

The Mahrt Mill in Alabama, USA is the location of the facility that manufactured the goods under consideration during the investigation period. The Mahrt Mill is described by WestRock Company as a business/reporting unit that includes both the mill operational expenses (WestRock CB) and the associated revenue and selling, general and administration (SG&A) expenses (WestRock MWV).

#### WestRock CB

The company that owns and operates the Mahrt Mill is WestRock CB. The transfer of goods from WestRock CB to WestRock MWV, the sales arm for the goods under consideration, were not regarded as sales, rather an internal stock transfer. These transfers were documented for tracing purposes using either a stock transfer order or intercompany invoice. The value of goods at the time of transfer was based on standard costs. WestRock Company considers this an internal trail between production and sales “divisions” of one reporting unit.

#### WestRock MWV

WestRock MWV is the sales entity with respect to the goods under consideration. The verification team found that:

- invoices identified the exporter, shipper and seller as WestRock MWV;
- bills of lading identified the shipper as WestRock MWV;
- certificates of origin identified WestRock MWV to be the exporter of the goods; and
- WestRock MWV arranged transport for the goods.

WestRock MWV received purchase orders from its Australian customers during the investigation period and signalled the commencement of production.

#### 8.2.2 WestRock Company

WestRock Company exercises a high degree of control over the manufacture and export activities, including the power to govern the financial and operating policies of both WestRock CB and WestRock MWV.

All invoices, letterhead, packing lists and order confirmations are on WestRock Company branded documents, along with the Mahrt Mill displaying WestRock Company signage at the facility. The terms and conditions for sales made during the investigation period were governed by the WestRock General Terms and Conditions of Sale and feedback in relation to these sales can be provided to WestRock Company. The WestRock Company website is the external webpage for the WestRock business, including sales of the goods under consideration. Neither WestRock CB nor WestRock MWV have a public website.

WestRock CB and WestRock MWV are both wholly owned subsidiaries of the ultimate parent company, WestRock Company. The organisational structure of the WestRock Company, including the leadership structure, incorporate both WestRock CB and WestRock MWV.

Corporate services, such as Human Resources, are shared throughout the WestRock combination. Invoices, such as marine insurance and port charges are charged to WestRock Company.

Neither WestRock CB nor WestRock MWV have its own set of financial accounts and both are treated as disregarded entities for US tax purposes; rather, profits are reported for these entities as part of a business unit, being the Mahrt Mill, and included in the profits reported by WestRock Company. Similarly, neither WestRock CB nor WestRock MWV has its own chart of accounts and are both integrated into the WestRock Company chart of accounts.

### **8.2.3 The verification team's assessment**

The verification team assessed the various roles of the different companies involved in the manufacture and exportation of the goods during the investigation period and consider the exporter to be WestRock Company.

As noted in the Commission's Dumping and Subsidy Manual (the Manual),<sup>3</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. Typically, the manufacturer of the goods who knowingly exported the goods will be the exporter.

However, in this instance, as WestRock Company directed the production of the goods and the export sale of the goods and generally controls the WestRock business, the verification team considers that WestRock Company is the principal in the transaction.

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

## **8.3 Arms length**

### **8.3.1 Related customer**

In respect of WestRock Company's export sales of the goods to its related customers in Australia during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price 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.<sup>4</sup>

---

<sup>3</sup> Available on the Commission's website at: [www.adcommission.gov.au](http://www.adcommission.gov.au)

<sup>4</sup> Section 269TAA refers.

The verification team therefore considers that all export sales to Australia made by WestRock Company to its related customers during the period were arms length transactions.

In reaching this finding, the verification team examined the price negotiation process between WestRock MWV and its Australian customers, including a range of factors affecting price.

#### **8.4 Export price – assessment**

In respect of Australian sales of the goods exported by WestRock Company, the verification team consider that the export price cannot be determined under paragraph 269TAB(1)(a) or 269TAB(1)(b) as sales were not between the importer and exporter. The verification team recommends that the export price be calculated under section 269TAB(1)(c), having regard to all the circumstances of the exportation.

The Manual sets out that when an intermediary is involved, the export price, for the purposes of calculating the dumping margin, will be the price received by that exporter when selling to the intermediary, even if the intermediary is in the same country as the exporter. The verification team found no sales of the goods between the exporter and the intermediary were made during the investigation, however due to the accounting practices of the WestRock Company, the verification team consider that the price received by the exporter is the price paid to the intermediary, WestRock MWV.

The verification team considers that it is appropriate to calculate the export price as the prices paid or payable by the importers to WestRock MWV for the goods exported to Australia, determined at free on board (FOB) terms during the investigation period in accordance with section 269TAB(1)(c).

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

## 9 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 OCOT.

### 9.1 Arms length

#### 9.1.1 Unrelated customers

In respect of WestRock Company'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 directly or indirectly reimbursed, compensated or otherwise received 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 domestic sales made by WestRock Company to its unrelated domestic customers during the period were arms length transactions.

#### 9.1.2 Related customers

WestRock did make domestic sales of like goods to related parties during the investigation period. The verification team examined these sales and 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 associated of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associated of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.<sup>6</sup>

### 9.2 Ordinary course of trade

Section 269TAAD 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>7</sup>

---

<sup>5</sup> Section 269TAA of the Act refers.

<sup>6</sup> Section 269TAA of the Act refers.

<sup>7</sup> In general, the Commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

**PUBLIC RECORD**

The verification team tested profitability by comparing the price against the relevant cost for each domestic sales transaction. The CTMS data is at **Confidential Appendix 2**.

The team found all domestic sales to be profitable. On this basis that verification team did not need to:

- test 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 GSM over the period; or
- test recoverability by comparing the price 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	Net invoice price
Cost	Quarterly CTMS, by GSM
Weighted average cost	Weighted average CTMS for the investigation period.

**Table 3 OCOT details**

**9.3 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 (in this case, GSM) 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 (GSM) 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 GSM	Is volume of domestic sales of same GSM 5% or greater as a proportion of export volume?	Basis of normal value
381	Yes	Domestic sales of 381 GSM

**Table 4 Domestic volumes**

The verification team’s volume analysis is at **Confidential Appendix 3**.

<b>10 ADJUSTMENTS</b>
-----------------------

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).

**10.1 Rationale and Method**

<b>Adjustment type</b>	<b>Assessment for adjustment</b>	<b>Calculation method and evidence</b>	<b>Identified in REQ?</b>	<b>Adjustment required?</b>
Level of trade	WestRock Company claims in its REQ that an adjustment for level of trade is required for fair comparison as it sells to two channels in on the domestic market. The verification team examined the two channels and found that like goods sold domestically were sold to related converters and unrelated converters. <sup>8</sup> The goods exported to Australia were also to converters. Therefore, the verification team considers that prices in domestic sales to both related and unrelated converters are comparable to the exported goods.	The verification team examined the differences in prices and requested additional evidence from WestRock Company. Based on the available evidence, the verification team considers any observed price variations is more likely a result of sales volume differences and efficiencies associated with intercompany sales.	Yes	No
Domestic credit terms	Credit terms have been a consideration in determining price. Any difference in export and domestic credit terms will affect proper comparison of export price and normal value.	Domestic credit terms were based on the quoted credit terms because the proof of payment evidence for selected transactions demonstrated the quoted credit terms were generally observed. The interest rate was based on short term borrowings.	Yes	Yes

---

<sup>8</sup> A converter is an entity that, using the kraft paperboard, manufactures packaging such as beverage packaging.

**PUBLIC RECORD**

<b>Adjustment type</b>	<b>Assessment for adjustment</b>	<b>Calculation method and evidence</b>	<b>Identified in REQ?</b>	<b>Adjustment required?</b>
Export credit terms	Credit terms have been a consideration in determining price. Any difference in export and domestic credit terms will affect proper comparison of export price and normal value	Export credit terms were based on the customer-specific accounts receivable turnover ratios because the evidence showed actual credit terms were different to the quoted credit terms.	Yes	Yes
Domestic inland freight	Domestic inland transport charges have been a consideration in determining price. Any difference in export and domestic inland transport charges will affect proper comparison of export price and normal value.	Domestic inland transport charges were calculated per ton, by customer, and converted to amounts per MSF. Evidence was provided to support the freight charge calculations.	Yes	Yes
Export inland freight	Export inland transport charges have been a consideration in determining price. Any difference in export and domestic inland transport charges will affect proper comparison of export price and normal value.	The charges were based on total inland freight applicable to Australian exports allocated over total sales (by tons) and then converted to amounts per MSF. Extracts from the accounting system were provided as supporting evidence.	Yes	Yes
Freight forwarding and access/export chassis charges	Export freight forwarding and access/export chassis charges have been a consideration in determining price and will affect proper comparison of export price and normal value.	The charges were based on total freight forwarding and access/export chassis charges applicable to Australian exports allocated over total sales (by tons) and then converted to amounts per MSF.	Yes	Yes
Domestic and export packaging	Packaging charges applicable to export and domestic sales were very similar per unit and therefore not likely to have affected price comparability.	N/A	Yes	No
Technical support expenses	Technical support expenses applicable to export and domestic sales were very similar per unit and therefore not likely to have affected price comparability.	N/A	Yes	No

**Table 5 Assessment of adjustments**

## 10.2 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.

<b>Adjustment Type</b>	<b>Deduction/addition</b>
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland freight	Deduct an amount for domestic inland freight
Export freight forwarding and access/export chassis charges	Add an amount for export freight forwarding and access/export chassis charges
Export inland freight	Add an amount for export inland freight
Export credit terms	Add an amount for export credit terms

**Table 6 Summary of adjustments**

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

## 11 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 0 above.

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

## 12 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 WestRock Company for the investigation period is **negative 0.5 per cent**.

The preliminary dumping margin calculation is at **Confidential Appendix 4**.

**13 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, profitability and normal value
<b>Confidential Appendix 4</b>	Dumping Margin
<b>Confidential Attachment 1</b>	Verification work program