



Exporter Verification Report

Verification & Case Details

Initiation Date	16 April 2020	ADN:	2020/039
Case Number	551		
The goods under consideration	A4 copy paper		
Case type	Review of measures		
Exporter	UPM Asia Pacific Pte Ltd		
Location	Remote verification		
Verification from	July 2020 to November 2020		
Review period	1 January 2019 to 31 December 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

UPM Asia Pacific Pte Ltd ('UPM AP'), UPM (China) Co., Ltd ('UPM China') and UPM-Kymmene Pty Ltd ('UPM Aus') are involved in the manufacture and exportation of the goods exported to Australia from the People's Republic of China (China). These three entities are collectively referred to as 'UPM' throughout this report.

UPM China is wholly owned by UPM AP, and UPM AP and UPM Aus are wholly owned by UPM-Kymmene Oyj.

UPM AP is a registered company in the Republic of Singapore that purchases and provides major imported inputs to UPM China for the production of the goods to export markets.

UPM China is a company incorporated in Jiangsu Province, China, and has a paper production mill located in Changshu. UPM China manufactures like goods for sale in China, and is a toll and contract manufacturer of goods exported to countries in Asia and the Middle East, and is the manufacturer of the goods exported to Australia in the review period.

UPM Aus is the sales agent incorporated and based in Australia, representing UPM AP in Australia, New Zealand and the Pacific Islands.

For all export sales to Australia in the review period, UPM AP purchased and retained ownership of all major production inputs and delivered these to UPM China for processing into finished goods. UPM China charged UPM AP a fee for this service.

1.2 Related parties

1.2.1 Related customers

The verification team examined the relationships between UPM AP and UPM China to customers of the goods and like goods.

The verification team did not find that UPM AP or UPM China sold the goods and like goods to any related customers in the review period.

1.2.2 Related suppliers

UPM AP purchased pulp from a related supplier in the review period. Purchases from this supplier accounted for less than 10 per cent of the total pulp purchased in the review period.

This verification is further discussed in Chapter 6 of this report.

1.3 Accounting records

UPM AP's financial statements for 2019 were audited by PricewaterhouseCoopers, and the auditor's report includes a statement that the financial accounts comply with the provisions of the Companies Act and Financial Reporting Standards in Singapore ("FRSs").

UPM China's financial statements for 2019 were also audited by PricewaterhouseCoopers, and the auditor's report includes a statement that the financial accounts comply with the requirements of the Accounting Standards for Business Enterprises ("CASs").

Therefore, the verification team considers that the accounting records held by UPM AP and UPM China are in accordance with the generally accepted accounting principles in each respective country.

2 THE GOODS AND LIKE GOODS

2.1 Manufacturing arrangement

UPM AP has a contract manufacturing arrangement with UPM China. This arrangement permits UPM China to import raw materials free of duty/value added tax (VAT) subject to those raw materials being used to manufacture goods sold for export. UPM AP purchases and pays for all raw materials consumed in the manufacture of all of UPM's export sales of goods. For this service, UPM China is paid a processing fee based on an agreed formula.

The verification team notes that under the terms of the contract, UPM AP retains ownership of the raw materials throughout the manufacturing and sales process.

2.2 Model Control Codes (MCCs)

UPM has provided sales and cost data in response to the exporter questionnaire in a format that allows for the identification of the relevant model as per the control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2020/039.

2.2.1 Amendments to MCCs

Based on analysis of the price comparability of the goods under consideration, the verification team has not made amendments to the MCC structure as proposed in ADN No. 2020/039.

However, the verification team found that UPM China sold like goods¹ that are identical in all respects to the goods exported to Australia. Therefore, the verification team considers that in respect of UPM's export and domestic sales, model matching should be undertaken by having regard to the identical product/material code, which already takes into consideration the physical characteristics of the paper, and the weight (in grams per square metre). This approach to model matching is also consistent with the approach taken with UPM in Investigation 341.²

2.3 The goods exported to Australia

During the review period, UPM AP exported the goods to Australia from China with the following product codes and weights:

[confidential product codes]

¹ Section 269T(1) of the *Customs Act 1901* specifies that like goods, in relation to goods under consideration, means goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

² Investigation into the alleged dumping and subsidisation of A4 copy paper exported to Australia from the Federative Republic of Brazil, the People's Republic of China, the Republic of Indonesia and the Kingdom of Thailand.

2.4 Like goods sold on the domestic market

During the review period, UPM China sold like goods in the domestic market in China.

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

- have identical physical characteristics, including the weight (in gsm);
- are produced on the same paper machine, using the same raw material inputs and manufacturing processes; and
- can be considered functionally alike, as they have the same end uses and are interchangeable.

UPM China sold like goods in the domestic market with the following product codes and weights during the review period:

[confidential product codes]

2.5 Like goods – assessment

The verification team considers that the like goods produced by UPM China for domestic sale are identical in all respects to the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the *Customs Act 1901* (the Act).³

³ References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The total sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the export and domestic sales listings provided in UPM's response to the exporter questionnaire 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:

- reconciled the total value and quantity of the goods and like goods, as recorded in the Australian and domestic sales listings, and the total value and quantity of other categories of goods, to UPM's accounting system;
- reconciled the total sales value in the accounting system to UPM AP's and UPM China's trial balances; and
- reconciled the total revenue in the trial balances to UPM AP's and UPM China's audited income statements for 2019.

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**.

3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales provided by UPM AP and UPM China, including any required amendments as outlined in the exception table above, are 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

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 exporter questionnaire 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	UPM reported an annual average unit cost for a particular packaging material consumed in packaging the goods exported to Australia.	The verification team revised the unit packaging cost for the goods included in the Australian sales listing to reflect the actual verified unit cost for the packaging material consumed in packing the goods for export to Australia.
2	UPM allocated inland transport and handling costs in the Australian sales listing based on the relative proportion of the total volume of the sales order (including the goods and other goods) comprised by the goods.	UPM revised inland transport costs for the goods included in the Australian sales listing to reflect costs on a per container basis.

Table 1: Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

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

5 VERIFICATION OF COST TO MAKE AND SELL (CTMS) COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The total cost to make data is reconciled to the cost of production in the management reports with particular attention given to ensuring that all relevant costs are included and irrelevant costs have been excluded. The cost of production data is then reconciled, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, selling, general and administration (SG&A) expenses are reconciled to income statements, with particular attention given to specific expenses that were excluded or should be excluded.

The verification team verified the completeness and relevance of the cost to make and sell (CTMS) information provided in the exporter questionnaire 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:

- the CTM as recorded in attachments G-3 and G-5 to the exporter questionnaire was reconciled to UPM's management report; and
- the total cost of production (variable and fixed costs) as recorded in the management report was reconciled to UPM China's cost of sales in its audited income statement for 2019 after adjusting for finished goods inventory.

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

- the total SG&A as recorded in attachment G-4.1 to the exporter questionnaire was reconciled to UPM China's trial balance for 2019; and
- the total for SG&A as recorded in the trial balance was reconciled to UPM China's audited income statement for 2019.

The verification team identified the issues outlined in table 3 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	UPM had initially allocated manufacturing overheads and labour costs incurred on all production lines (paper machines) at the Changshu mill. The verification team found that certain paper machines did not produce the alleged circumvention goods or like goods, or only produced a select few product grades in low quantities that related to the product grades for the like goods. The information provided in response to the exporter questionnaire suggests that the alleged circumvention goods and like goods were only produced on paper machine 1.	At the request of the verification team, UPM revised its CTM in order to capture only the direct labour and manufacturing overhead (including depreciation) costs incurred on the relevant paper machine used to produce the goods and like goods.
2	UPM had initially allocated certain costs (charged by the head office UPM-Kymmene Corporation) to its manufacturing overheads that were already captured in SG&A (G-4.1), therefore some costs in UPM's CTMS were double counted.	UPM revised its CTM (refer above), and this revision also ensured that this double count of these indirect costs was eliminated.
3	UPM had initially divided its total manufacturing overheads, including direct labour, by the total sales quantity to derive a unit manufacturing overheads and direct labour cost to allocate to the goods and like goods.	At the request of the verification team, UPM revised this allocation to ensure that the production quantity is used in the denominator. UPM revised its cost allocation and CTM accordingly.
4	Finance and research and development (R&D) expenses were not allocated in the CTMS for like goods. These expenses are operating expenses.	The verification team included finance and research and development expenses, identified as operating expenses, in the CTMS allocation.
5	SG&A expenses associated with sales of like goods sold in the domestic market in China were allocated as a percentage of UPM China's and UPM AP's total revenue.	The verification team revised the SG&A allocation in order to allocate the domestic SG&A expenses as a percentage of UPM China's revenue only, given that only UPM China sells like goods on the domestic market in China.

Table 2: Exceptions during verification of completeness and relevance of CTMS data

5.2 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data provided in the exporter questionnaire response by UPM, including the required amendments to the data as

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outlined as an exception above, is complete and relevant. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

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 exporter questionnaire to the goods and like goods, 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	Allocated based on consumption as per the bill of materials
Scrap allocation	UPM did not apply an offset to its CTM for scrap
Manufacturing overheads	Allocated based on production quantity
Direct labour	Allocated based on production quantity
Depreciation	Allocated based on production quantity

Table 3: Cost allocation method

6.2 Verification of accuracy of CTMS data

The accuracy of data is verified by reconciling selected data '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 exporter questionnaire 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**.

6.3 Related party suppliers

UPM AP purchased pulp from a related supplier during the review period.

The verification team analysed the unit purchase prices for related and unrelated suppliers, and did not find that the purchase price from the related supplier was significantly or consistently lower or higher than the purchase price from unrelated suppliers.

Based on this, the verification team is satisfied that the purchases of pulp from the related supplier were made at arms length.

6.4 Accuracy finding

The verification team is satisfied that the CTMS data provided in the exporter questionnaire response by UPM AP and UPM China, including the required amendments to the data as outlined as exceptions in Chapter 5 of this report, is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importer

The verification team considers UPM AP's Australian customer to be the beneficial owners of the goods at the time of importation and therefore the importer as it:

- is identified on the commercial invoice as the buyer of the goods;
- is declared as the importer on the import declaration to the Australian Border Force;
- pays for post-FOB and importation charges; and
- arranges delivery from the port in Australia to its premises or warehouse.

In relation to the goods exported to Australia, the verification team considers that the customer listed for each shipment was the beneficial owner of the goods at the time of importation, and therefore was the importer of the goods.

7.2 The exporter

The verification team considers that UPM AP is the exporter of the goods exported to Australia from China, as UPM AP:

- owns the raw materials and finished goods, and bears all the risk until title to the goods is passed to the customer;
- is identified as the supplier in the sales agreement and contract with the customer in Australia;
- is listed as the seller on commercial invoices; and
- receives payment from the customer in Australia.

In particular, in relation to the goods exported to Australia, UPM AP purchases and retains ownership of all major imported inputs (pulp, chemicals, etc., raw materials as specified in the processing contract, which comprise approximately 85 per cent of the total CTM) and delivers these inputs to UPM China for processing into finished paper products for export.

In accordance with the Dumping and Subsidy Manual (the Manual), the Commission will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped that knowingly placed the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export, the Commission will normally consider the exporter to be the person who gave up responsibility for the goods as described above. Further, the exporter must have been the owner of the goods at one time but, as noted in the Manual, ownership at the time the goods left for Australia is not treated as conclusive when identifying the exporter.

Based on the facts outlined above, the verification team considers that while UPM China is located in the country of export and knowingly placed the goods in the hands of a carrier or forwarding company for shipment to Australia, it has never owned the goods at any time. Rather, UPM AP is the owner of the goods exported to Australia from China until the title to the goods is passed to the customer in Australia. Therefore, UPM AP is the exporter of the goods to Australia from China.

7.3 Arms length

In respect of UPM AP's export sales of the goods to its customers in Australia 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 directly or indirectly reimbursed, compensated or otherwise received 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 UPM AP to its Australian customers during the review period were arms length transactions.

7.4 Export price – assessment

In respect of export sales of the goods to Australia from China by UPM AP during the review period, the verification team recommends that the export price be determined under section 269TAB(1)(a), as the price paid for the goods by the importer, other than any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation.

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

⁴ Section 269TAA refers.

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 ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

8.1 Arms length

In respect of UPM China's domestic sales of like goods to its 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.

The verification team therefore considers that all domestic sales made by UPM China to its domestic customers during the period were arms length transactions.

8.2 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.⁵

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 model (being the product/material code and weight in gsm) over the review period.

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

⁵ In general, the Commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

The following table sets out further detail:

OCOT particulars	Details
Price	Net invoice price, excluding inland transport and handling costs
Cost	Quarterly cost to make and sell, excluding inland transport and handling costs
Weighted average cost	Weighted average cost to make and sell, excluding inland transport and handling costs, over the review period

Table 4: 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 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 model 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 model level. In these situations, the Commission may consider whether a surrogate domestic model should be used to calculate normal value for the exported model.

The verification team's volume analysis at **Confidential Appendix 3** demonstrates that the volume of domestic sales of each model exceeds 5 per cent of the volume of corresponding export models.

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	UPM offered credit terms to its domestic customers that differ to those offered to Australian customers.	The interest rate used to calculate the domestic credit cost is based on the one-year loan prime rate in China.	No	Yes
Domestic inland transport	UPM incurred inland transport expenses in relation to its domestic sales.	The allocation of this cost was made on a weight basis to take into account that total charges were incurred for sales that included like goods and other goods.	Yes	Yes
Domestic handling and other	UPM incurred handling and other expenses in relation to its domestic sales.	The allocation of this cost was based on quantity in order to take into account that total charges were incurred for sales that included like goods and non-goods.	Yes	Yes
Domestic packaging	Packaging costs vary for domestic and Australian sales.	Packaging costs were calculated on a unit cost basis and this unit cost is based on the actual unit cost of each material consumed in packaging like goods. Packing costs were verified to accounting ledgers.	Yes	Yes

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<p>SG&A</p>	<p>UPM claimed an adjustment for differences in SG&A costs between export and domestic sales. The downward adjustment to the normal value encompasses all SG&A expenses incurred by UPM China. The upward adjustment relates to the expenses (sales commission) of the sales agent in Australia.</p> <p>The verification team only made a downward adjustment for selling costs and expenses relating to sales activities such as marketing, promotion and other support services undertaken by the regional sales offices in China in respect of the domestic sales, noting that a corresponding upward adjustment (refer 'export sales commissions' row below) to the normal value is made in respect of expenses or commissions relating to the sales agent in Australia.</p>	<p>Selling costs (referred to as 'commissions') calculated on a per tonne basis. UPM provided screenshots from its accounting system of the total commission amount for 2019, including postings and entries in its accounting system for December 2019, which supported a specified rate on a per tonne basis.</p>	<p>Yes</p>	<p>In part – only selling costs and expenses relating to the activities of the regional sales offices in China have been adjusted for.</p> <p>A separate adjustment to the normal value for the expenses of the sales agent in Australia has also been made – refer 'export sales commissions' row below.</p> <p>The verification team does not consider that an adjustment taking into consideration UPM China's total SG&A expenses is appropriate because this would include expenses such as general and administrative expenses that are indirect and general in nature. These expenses cannot be linked to any specific goods, sales or arrangements, including the tolling arrangement with UPM AP, and there is no evidence that such expenses affect prices and pricing comparability.</p>
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PUBLIC RECORD

Export packaging	Packaging costs vary for domestic and Australian sales.	Packaging costs were calculated on a unit cost basis and this unit cost is based on the actual unit cost of each material consumed in packaging the goods. Packing costs were verified to accounting ledgers.	Yes	Yes
Export inland transport	UPM incurred inland transport expenses for its Australian sales.	Export inland transport costs were based on cost per container and were verified to invoices.	Yes	Yes
Export port and other handling charges	UPM incurred port handling expenses and other charges for its Australian sales.	Export handling costs are based on cost per container and were verified to invoices.	Yes	Yes
Export credit terms	UPM offered credit terms to Australian customers that differ to those offered to domestic customers.	The interest rate used to calculate the export credit cost is based on the one-year loan prime rate in China.	No	Yes
Export sales commissions	The export commission is paid to the sales agent (UPM-Kymmene Pty Ltd) representing UPM AP in Australia. The sales agent undertakes sales, marketing, administration and other supporting activities in relation to exports of the goods to Australia. The commission compensates the agent for these activities.	UPM provided a copy of the agency agreement including evidence of the commission rate on a per tonne basis which was verified to accounting records.	Yes	Yes
Non-refundable VAT	Despite the tolling arrangement between UPM AP and UPM China which allows for the duty and tax free importation of inputs, there remains a percentage of VAT paid in relation to the exported goods that is not refunded.	UPM provided evidence to the Commission demonstrating the portion of non-refundable VAT that is allocated under the tolling arrangement.	Yes	Yes

Table 5: 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.

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Adjustment type	Deduction/addition
Domestic credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic handling and other	Deduct an amount for domestic handling and other
Domestic packaging	Deduct an amount for domestic packaging
Domestic selling expenses	Deduct an amount for domestic selling expenses
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port and other handling charges	Add an amount for port and other handling charges
Export sales commissions	Add an amount for export sales commissions
Export credit terms	Add an amount for export credit terms
Non-refundable VAT	Add an amount for non-refundable VAT

Table 6: Summary of adjustments

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

10 NORMAL VALUE

In accordance with section 269TAC(1), the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

Given that like goods are not sold by UPM AP on the domestic market in China, the verification team considers that UPM China's (being the other seller of like goods) sales of like goods in the domestic market in China could be used to determine the normal value in accordance with section 269TAC(1).

The verification team found that there were sufficient quantities of like goods sold by UPM China for home consumption in the country of export in 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 goods, would not affect comparison of domestic prices with export prices, as outlined in chapter 9 of this report.

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

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.

The dumping margin for the goods exported to Australia from China by UPM AP for the review period is **3.2 per cent**.

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

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Domestic sales, OCOT, profitability and normal value
Confidential Appendix 4	Dumping margin
Confidential Attachment 1	Verification work program