



Investigation 554

Concrete Underlay Film exported to Australia from Malaysia

Variable factors assessment – Unistar Industries Sdn Bhd

Verification

The Commission conducted a remote benchmark verification of the response to the exporter questionnaire (REQ) by Unistar Industries Sdn Bhd (Unistar) and related trading entity Irox (M) Sdn Bhd (Irox).

Based on the information examined, the verification team is satisfied that Unistar is the manufacturer and exporter of the goods. The verification team is further satisfied that the information provided, including any required amendments, as outlined as an exception, are accurate and reliable for the purpose of ascertaining the variable factors applicable to Unistar’s exports of the goods.

A summary of the preliminary findings of the verification team are detailed below.

Exceptions encountered during the verification

No.	Exception	Resolution
1	<p><u>Reporting of sales revenue for domestic sales</u></p> <p>From the upwards sales reconciliation and verification of sales to source documents, it was observed that the revenue reported for domestic sales did not include applicable revenue for transport, although the goods were sold with delivery and transport was included in the invoice prices.</p>	<p>The verification team revised the revenue of relevant sales reported in the domestic sales listing, in accordance with the source documents verified.</p>
2	<p><u>Classification of export sales made through Irox</u></p> <p>In its REQ, Unistar classified certain sales where related party trader Irox acted as an intermediary, as domestic sales, although they were exported to Australia. Additionally, Irox reported being the exporter for these sales.</p> <p>The verification team examined the roles of the entities in these transactions and considers that Unistar is the exporter of the goods. Furthermore, all transactions</p>	<p>Unistar revised its sales listings to reclassify export sales made through Irox as export sales to Australia.</p> <p>As Unistar allocated costs equally for domestic and export sales, this did not impact the costs allocated to the goods.</p>

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	where Irox acted as an intermediary were found to be export sales to Australia.	
3	<p><u>Reporting of payment terms, delivery terms and delivery charges for domestic sales</u></p> <p>From the verification of the sales listing to source documents, it was observed that there were minor discrepancies in the reporting of payment terms, delivery terms and delivery charges for the domestic sales.</p>	The verification team revised the domestic sales listing, in accordance with the source documents verified.
4	<p><u>Unreliable sales information for one domestic sale</u></p> <p>The verification team found that the product details of one domestic sale appeared to be an outlier based on the specifications and weight reported.</p> <p>The verification team queried this transaction and Unistar described that the details reported appeared to be incorrect – although relevant information could not be verified for this sale to confirm the actual specifications.</p>	The verification team removed this sale from the domestic sales listing, as the details reported were not considered to be reliable, based on the sales analysis, Unistar’s explanation and the information available for verification.

Table 1: Exceptions from the verification

Export price

In relation to the goods exported by Unistar to Australia in the investigation period, the verification team found that the goods were exported via two channels, with Unistar exporting both directly to Australian importers and indirectly, through related trading entity Irox.

The verification team considers the Australian customers of Unistar and Irox (for sales where Irox acted as an intermediary) to be the beneficial owner of the goods at the time of importation and, therefore, the importers of the goods, as the Australian customers are:

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

Additionally, in relation to all Australian exports of the goods manufactured and sold by Unistar in the investigation period, the verification team considers Unistar to be the exporter of the goods,¹ as Unistar is:

- the manufacturer of the goods, located in the country of export, and it produces the goods to Australian customer requirements, knowing that they are destined for export to Australia;

¹ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

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- responsible for arranging and paying for inland transport to the port of export;
- responsible for arranging and paying for port handling charges at the port of export; and
- responsible for arranging and paying for ocean freight (where applicable).

As mentioned, certain exports of the goods occurred through related trading entity Irox. For these exports, Irox transacted directly with unrelated Australian importers. However, it was found that Irox's essential role was as an intermediary in the transactions, while Unistar was responsible for manufacturing the goods to Australian customer requirements, arranging packing, inland transportation, port services, and export shipping of the goods to Australia.

As such, the verification team is satisfied that for all Australian export sales manufactured by Unistar during the period, including those sales where Irox acted as an intermediary, that Unistar was the principal located in the country of export who knowingly placed the goods in the hands of a logistics company for delivery to Australia, and was therefore the exporter of the goods.

Export price assessment – sales direct to Australian customers

In respect of Unistar's Australian exports during the period where the goods were sold directly to unrelated Australia customers, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than 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.²

The verification team, therefore, considers that export sales of goods sold directly by Unistar to its unrelated Australian customers during the period were arms length transactions.

In respect of the Australian sales of the goods by Unistar that were exported directly to unrelated Australian customers, the verification team has determined an export price under section 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

Export price assessment – sales where Irox acted as an intermediary

In respect of the Australian sales of the goods by Unistar that were exported via related intermediary Irox, the verification team found that the importers did not purchase the goods from the exporter, and therefore, export prices cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b). For these sales, the

² Section 269TAA refers.

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verification team has determined an export price under section 269TAB(1)(c), having regard to all the circumstances of the exportation.

Specifically, the verification team has determined an export price under section 269TAB(1)(c), based on the FOB price received by Unistar, by having regard to the price paid by Irox, less transport and other costs arising after exportation.

For these transactions, the verification team found the price paid by Irox to Unistar to be representative of the price paid by Australian importers in arms length transactions, net any selling expenses incurred by Irox in relation to the sales of the goods.

Normal value

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 sales was less than five per cent. The verification team has considered whether this volume is still large enough to permit a proper comparison for the purposes of determining a normal value under section 269TAC(1).

The verification team notes that the total volume of relevant sales is substantially below 5% and that there was not a material volume of sales for domestic consumption of relevant models in all quarters during the relevant period, such that the verification team considered that it had insufficient information to make specification adjustments for differences in sales in accordance with section 269TAC(8).

Therefore, the verification team is not satisfied that the volume of relevant sales is large enough to permit a proper comparison for the purposes of assessing the normal value under section 269TAC(1)

The verification team has, therefore, calculated a normal value under section 269TAC(2)(c), using the sum of:

- the cost to make of the exported goods based on the company's records in accordance with section 43(2) of the Regulation;
- domestic SG&A, on the assumption that the goods, instead of being exported, were sold domestically based on the company's records, in accordance with section 44(2) of the Regulation; and
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT,³ in accordance with section 45(2) of the Regulation.

³ 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. For the purposes of this investigation the "extended period" and "reasonable period" are considered to be the investigation period.

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Adjustments

In constructing normal values under 269TAC(2)(c), the verification team considers that certain adjustments in accordance with section 269TAC(9), are necessary to ensure a fair comparison of normal values and export prices.

Adjustment Type	Deduction/addition
Export Inland transport charges	Add an amount for inland transport charges
Export port handling and other costs	Add an amount for export handling and other charges
Export credit costs	Add an amount for export credit charges

Table 2: Summary of section 269TAC(9) adjustments

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 Unistar for the investigation period is **17.6%**.