



Exporter Verification Report

Verification & Case Details

Initiation Date	30/06/2020	ADN:	2020/067
Case Number	558		
The goods under consideration	Aluminium Zinc Coated Steel (\geq 600mm)		
Case type	Dumping and Subsidy Investigation		
Exporter	Yieh Phui Enterprise Co Ltd		
Location	Remote verification		
Verification from	9/03/2021	to	15/03/2021
Investigation Period	1/04/2019	to	31/03/2020

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

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PREFACE

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

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

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (the Act).¹

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

1 COMPANY BACKGROUND

1.1 Corporate Structure and Ownership

The company's legal name is Yieh Phui Enterprise Co., Ltd (Yieh Phui). Yieh Phui is publicly listed on the Taiwanese Stock Exchange. During the investigation period, Yieh Phui had more than 70,000 shareholders.

Yieh Phui is a member of E-United Group. E-United Group is not a legal entity but a group of associated companies and are under the common control of Yieh Phui's chairman. Other than the stainless steel and coated steel industry, E-United Group is involved in businesses such as education, health care and real estate development.

1.2 Related Parties

The verification team examined the relationships between Yieh Phui and parties involved in the manufacture and sale of the goods.

1.2.1 Related suppliers

During the investigation period, Yieh Phui purchased raw materials from two related suppliers, Shin Yang Steel Co Ltd and Yieh Hong Co Ltd.

The Commission's assessment on whether the purchases by Yieh Phui from its related suppliers were arms length is at section 6.4 below.

1.2.2 Related customers

During the investigation period, all goods exported to Australia were exported via Yieh Phui's related trading entity Asiazone Co., Limited (Asiazone), which is based in Hong Kong. Asiazone also submitted a completed response to the exporter questionnaire (REQ) in relation to Investigation no. 558 and the verification team has relied on this as part of this verification.

The verification team also noted that Yieh Phui had sales to one related domestic customer during the investigation period, Shin Phui Steel Co., Ltd.

The Commission's assessment on whether the sales by Yieh Phui to its related export and domestic customers were arms length is at sections **Error! Reference source not found.** and 8.1.1 below respectively.

1.3 Accounting records

Yieh Phui's audited financial statement was audited by Crowe (TW) CPAs and includes a statement that the financial accounts comply with the International Financial Reporting Standards which are endorsed by the Financial Supervisory Commission of Taiwan.

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

2 THE GOODS AND LIKE GOODS

2.1 Production Process

Yieh Phui's production process of the goods involve three major production steps namely pickling, cold-rolling and aluminium zinc coating.

At the pickling stage, the hot-rolled coil (HRC) is first processed by passing through hydrochloric acid baths to remove surface scale. It is then edge trimmed to the intended width before going through the cold-rolling process. At the cold-rolling stage, the pickled HRC is then introduced into the reversing cold-rolling mill to reduce the base metal thickness.

The cold-rolled coil is then introduced into the continuous coating line for aluminium zinc coating. Once coated, the coil is then skin-passed and tension levelled. At this stage, surface treatment such as oiling, chromating and resin coating is conducted (by requests). Slitting or cutting may also be performed at the customer request.

Upon completion, the aluminium zinc coated steel coils are then sent to the packing unit for packaging and dispatch.

2.2 Model Control Codes (MCCs)

Yieh Phui provided sales and cost data in its REQ in accordance with the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2020/067.

2.2.1 Amendments to MCCs

Yieh Phui sold aluminium zinc coated steel with base metal thickness (BMT) greater than 2 mm. It included an additional subcategory in the BMT category to capture these products in its sales and cost spreadsheets.

No.	Exception	Resolution
1	Yieh Phui provided an additional subcategory of BMT (subcategory 6) for aluminium zinc coated steel it sold and produced which had BMT greater than 2 mm.	The verification team tested selling prices of the goods having BMT greater than or equal to 2 mm. The verification team is satisfied that the addition of a BMT subcategory 6 for BMT greater than or equal to 2 mm is warranted.

2.3 Verification of MCCs

Category	Determination of the sub-category
Prime	The company was able to identify whether the sales were prime or non-prime from its internal sales and costing systems and on the commercial invoices.
Coating mass	Based on the coating mass on the commercial invoices.
Steel grade	Based on the steel grade on the commercial invoices order.
Base metal thickness	Based on the base metal thickness listed on the commercial invoices and sales order and as recorded by the company in its accounting system.

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Category	Determination of the sub-category
Prime	The company was able to identify whether the sales were prime or non-prime from its internal sales and costing systems and on the commercial invoices.
Width	Based on the nominal width shown listed on the commercial invoices and sales order and as recorded by the company in its accounting system.
Form	Based on the form on the commercial invoices.

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

Category	Determination of the sub-category
Prime	The company was able to identify whether the sales were prime or non-prime from its internal sales and costing systems and on the commercial invoices.
Coating mass	Based on the coating mass on the commercial invoices.
Steel grade	Based on the steel grade on the commercial invoices order.
Base metal thickness	Based on the base metal thickness listed on the commercial invoices and sales order and as recorded by the company in its accounting system.
Width	Based on the nominal width shown listed on the commercial invoices and sales order and as recorded by the company in its accounting system.
Form	Based on the form on the commercial invoices.

Table 1 MCC sub-category determination

2.4 The goods exported to Australia

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

Exported MCC			
P-2-B-3-2-C	P-2-D-1-2-C	P-2-D-3-2-C	P-2-D-4-2-C
P-2-D-5-2-C	P-2-E-5-2-C	P-2-F-2-2-C	P-2-F-3-2-C
P-2-F-4-2-C	P-2-F-5-2-C		

Table 2 MCC exported to Australia

2.5 Like goods sold on the domestic market

The verification team was satisfied that Yieh Phui 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, subject to individual customer specifications, 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;
- 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.

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

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Domestic like goods MCC					
N-1-A-1-2-C	N-1-F-5-2-C	N-2-D-1-2-C	N-3-C-2-2-C	P-1-C-2-2-C	P-2-D-4-2-C
N-1-A-2-2-C	N-2-A-1-2-C	N-2-D-2-2-C	N-3-C-5-2-C	P-1-C-3-2-C	P-2-D-5-2-C
N-1-A-3-2-C	N-2-A-2-2-C	N-2-D-3-2-C	N-3-D-2-2-C	P-1-C-4-2-C	P-2-F-1-2-C
N-1-A-4-2-C	N-2-A-3-2-C	N-2-D-4-2-C	N-3-D-3-2-C	P-1-D-1-2-C	P-2-F-2-2-C
N-1-B-1-2-C	N-2-A-4-2-C	N-2-D-5-2-C	N-3-D-4-2-C	P-1-D-3-2-C	P-2-F-3-2-C
N-1-C-1-2-C	N-2-A-5-2-C	N-2-F-1-2-C	N-3-D-5-2-C	P-1-F-1-2-C	P-2-F-5-2-C
N-1-C-2-2-C	N-2-A-6-2-C	N-2-F-2-2-C	N-3-F-2-2-C	P-2-A-1-2-C	P-2-G-3-2-C
N-1-C-3-2-C	N-2-B-1-2-C	N-2-F-4-2-C	N-3-F-3-2-C	P-2-A-4-2-C	P-2-G-4-2-C
N-1-C-4-2-C	N-2-B-3-2-C	N-2-F-5-2-C	P-1-A-1-2-C	P-2-A-5-2-C	P-3-A-4-2-C
N-1-D-1-2-C	N-2-B-5-2-C	N-2-G-3-2-C	P-1-A-2-2-C	P-2-B-3-2-C	P-3-F-3-2-C
N-1-D-3-2-C	N-2-C-1-2-C	N-2-G-4-2-C	P-1-A-3-2-C	P-2-B-5-2-C	
N-1-F-1-2-C	N-2-C-2-2-C	N-2-G-5-2-C	P-1-A-4-2-C	P-2-C-2-2-C	
N-1-F-2-2-C	N-2-C-3-2-C	N-3-A-4-2-C	P-1-B-1-2-C	P-2-C-3-2-C	
N-1-F-3-2-C	N-2-C-5-2-C	N-3-A-5-2-C	P-1-C-1-2-C	P-2-D-3-2-C	

Table 3 MCC sold in the domestic market

2.6 Like goods – assessment

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

3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

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

The verification team verified the completeness and relevance of the export and domestic sales listings provided in the 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:

- Yieh Phui's sales revenue for the relevant period was reconciled to audited financial reports, quarterly income statements, and trial balance;
- Yieh Phui's trial balance reconciled to a detailed sales ledger;
- The detailed sales ledger was reconciled to the domestic and export sales listing submitted in the REQ; and
- Relevant exports to Australia were reconciled to the ABF import database.

The verification team identified the issue outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

3.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
2	Yieh Phui provided sales data which included coating types that fell outside the goods description.	The verification team excluded sales data that were not applicable to the goods under consideration.

Table 4 Exceptions during verification of completeness and relevance of sales data

3.2 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by Yieh Phui, including any required amendments as outlined as an exception above, is complete and relevant.

4 VERIFICATION OF SALES ACCURACY

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the export and domestic sales listings submitted in Yieh Phui's and Asiazone's REQ by reconciling these 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**.

4.1 Sales accuracy finding

The verification team is satisfied that the sales data provided by Yieh Phui and Asiazone 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 REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

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

- Reconciliation of previous audited financial report to the investigation period using the trial balance and income statement;
- Reconciliation of COGS to the cost of production using the trial balance, COGS ledger and production reports; and
- Reconciliation of the production reports to the CTM listing.

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

- The SG&A listing for the period reconciled to the income statement and trial balance.
- The verification team reviewed items included in the SG&A listing line by line and the categorisations. The verification team selected two direct selling expenses and verified these to the general ledgers.

The verification team identified the issue outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Exceptions during verification of completeness and relevance of CTMS data

No.	Exception	Resolution
3	Yieh Phui originally provided CTM data which included coating types that fell outside the goods description.	The verification team excluded CTM data that were not applicable to the goods under consideration.

Table 5 Exceptions during verification of completeness and relevance of CTMS data

5.2 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data provided in the REQ by Yieh Phui, including any required amendments as outlined as an exception above, is complete and relevant.

6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY

6.1 Cost allocation method

The verification team verified the reasonableness of the method used to allocate the cost information provided in the REQ to the relevant MCCs, in accordance with ADN No. 2016/30.

The verification team 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 6 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	<p>For HRC and cold-rolled coil (CRC), the total actual coil costs are allocated to each MCC based on production quantity (weight) as a proportion of total production quantity (weight).</p> <p>For zinc, the total actual zinc cost was allocated to each MCC based on its theoretical coating mass as a proportion of the theoretical coating mass of all production.</p> <p>The verification team reconciled each of these to the relevant ledgers and production reports. The verification team also verified Yieh Phui's raw material costing methodology.</p>
Scrap Allocation	<p>For steel scrap, the total actual steel scrap sale value was allocated by the MCCs production weight as a proportion of Yieh Phui's total production quantity weight of coil.</p> <p>For zinc scrap, the total zinc and aluminium scrap sale value was allocated to the MCCs by its theoretical coating mass as a proportion of Yieh Phui's total productions aluminium and zinc theoretical coating mass.</p> <p>The verification team reconciled each of these values to the relevant ledgers and production reports.</p>
Manufacturing Overheads	<p>The total actual overhead cost for each production line was allocated to each MCC either by its coil weight or processing time as a proportion of total production.</p> <p>For the pickling and treatment lines, allocation was based on production weight.</p> <p>For the cold rolling and galvanising lines, allocation was based on processing time.</p> <p>The verification team reconciled each of these values to the relevant ledgers and production reports.</p>
Depreciation	<p>Depreciation costs were included as part of fixed overheads. The verification team reconciled these values to the relevant ledgers and depreciation summary.</p>
Labour	<p>The total actual labour cost for each production line was allocated to each MCC either by its coil weight or processing time as a proportion of total production.</p> <p>For the pickling and treatment lines, allocation was done based on production weight.</p> <p>For the cold rolling and galvanising lines, allocation was based on processing time.</p> <p>The verification team reconciled each of these values to the relevant ledgers and production reports.</p>

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

The verification team identified an issue 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**.

6.3 Exceptions during verification of accuracy of CTMS data

No.	Exception	Resolution
4	Yieh Phui included certain income and expense items in their SG&A listing that were not related to the selling of the goods under consideration.	The verification team revised the SG&A listing to reflect SG&A items that were related to the selling of the goods under consideration.

Table 7 Exceptions during verification of accuracy of CTMS data

Details of the removal of certain income and expense items in the SG&A listing is available at **Confidential Attachment 2**.

6.4 Related party suppliers

Yieh Phui purchased raw materials from related parties, Shin Yang Steel Co Ltd and Yieh Hong Enterprise Co Ltd, during the investigation period.

The verification team analysed the prices of these purchases against those of unrelated suppliers and found that they tracked similar market unit pricing and price trends. The verification team was satisfied these were arms length transactions.

6.5 Accuracy finding

The verification team is satisfied that the CTMS data provided in the REQ by Yieh Phui, including any required amendments as outlined as an exception above, is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

The verification team considers CITIC Australia Steel Product Pty Ltd (CITIC) to be the beneficial owner of the goods at the time of importation and therefore the importer as CITIC is:

- named on the sales contract and commercial invoice between Asiazone and CITIC as the customer / purchaser;
- named on the packing list and inspection certificate as the customer / purchaser;
- named as the notify party on the bill of lading;
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port in Australia.

In relation to the goods exported by Yieh Phui to Australia, the verification team considers that CITIC is 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 Yieh Phui to be the exporter of the goods², as Yieh Phui is:

- the manufacturer of the goods;
- named on the commercial invoice to Asiazone and between Asiazone and CITIC as the manufacturer;
- named as shipper on the bill of lading;
- arranges and pays for the inland transport to the port of export; and
- arranges and pays for the port handling charges at the port of export.

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

7.3 Arms length

In respect of the Yieh Phui's export sales of the goods to Asiazone during the period, the verification team considers that the price appeared to be influenced by a commercial or other relationship between the buyer and the seller. The verification team found that the Asiazone's margin in relation to these sales were insufficient to cover Asiazone's SG&A expenses. Therefore, the verification team considers that the transactions between Yieh Phui and Asiazone were not arms length transactions.

In respect of the export sales of the goods to CITIC by Asiazone during the period, the verification team found no evidence that:

² 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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- 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.³

The verification team therefore considers that the transactions between Asiazone and CITIC during the period were arms length transactions.

7.4 Export Price – assessment

In respect of Australian sales of the goods by Yieh Phui, the verification team found that the importer has not purchased the goods from the exporter, therefore, export prices cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b). The verification team recommends that the export price be calculated under section 269TAB(1)(c) having regard to all the circumstances of the exportation. Specifically, the verification team recommends that the export price be calculated based on the price paid by CITIC less an amount for Asiazone's SG&A, transport and other costs arising after exportation.

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

³ 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 exporter's domestic market for home consumption that are at arms length and in the ordinary course of trade (OCOT).

8.1 Arms length

8.1.1 Related party customers

In respect of Yieh Phui's domestic sales of like goods to its related customer during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.⁴

The verification team therefore considers that all domestic sales made by Yieh Phui to its related customer during the period were arms length transactions.

8.1.2 Unrelated customers

The verification team compared the domestic quarterly weighted average unit selling prices for all MCCs during the review period of Yieh Phui's related customers to the price to unrelated customers. The verification team observed that for certain MCCs, Shin Phui Steel's weighted average unit price were comparable to the unit prices to unrelated customers.

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

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

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

⁴ Section 269TAA of the Act refers.

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 MCC over the period.

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

The following table sets out further detail:

OCOT particulars	Details
Price	Net invoice price, excluding direct selling expenses
Cost	Quarterly cost to make and sell, excluding direct selling expenses
Weighted average cost	Weighted average cost to make and sell, excluding direct selling expenses, over the review period.

Table 8 OCOT details

8.3 Volume of relevant sales

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. An exporter's domestic sales of like goods are taken to be in a low volume under section 269TAC(14) where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than five per cent of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

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

When calculating a normal value under section 269TAC(1), in order to ensure a proper comparison between the goods exported to Australia and the goods sold on the domestic market, the Commission considers the volume of sales of each exported MCC on the domestic market. Where the volume of domestic sales of an exported model is less than five per cent of the volume exported, the Commission will consider whether a proper comparison

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

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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 and at **Confidential Appendix 3**.

Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value where there were insufficient domestic sales of identical MCC
P-2-B-3-2-C	Y	-
P-2-D-1-2-C	N	No domestic sales of P-2-D-1-2-C. Surrogate model P-2-D-3-2-C with a specification adjustment under 269TAC(8).
P-2-D-3-2-C	Y	-
P-2-D-4-2-C	N	The verification team considers volume of domestic sales of P-2-D-4-2-C allows for a proper comparison to exported goods for the following reasons: <ul style="list-style-type: none"> • the total volume for this MCC is close to 5 per cent; • the price is trending similar to P-2-D-5-2-C; and • the quarter in which there is no domestic sales will not be used as there was no export sales during that quarter.
P-2-D-5-2-C	Y	-
P-2-E-5-2-C	N	No domestic sales of P-2-E-5-2-C. Surrogate model P-2-D-5-2-C with a specification adjustment under 269TAC(8).
P-2-F-2-2-C	Y	-
P-2-F-3-2-C	N	No domestic sales of P-2-F-3-2-C. Surrogate model P-2-F-2-2-C with a specification adjustment under 269TAC(8).
P-2-F-4-2-C	N	No domestic sales of P-2-F-4-2-C. Surrogate model P-2-F-2-2-C with a specification adjustment under 269TAC(8).
P-2-F-5-2-C	Y	-
All sales	Y	

Table 9 Domestic volumes

As outlined in Table 9 above, the verification team found domestic sales volumes of the identical MCC to be 5 per cent or greater for 5 MCCs exported to Australia. For 4 MCCs exported to Australia where the domestic sales volume of the identical MCC was less than 5 per cent, the verification team found a surrogate model based on the MCC exhibiting the closest physical characteristics under the MCC hierarchy structure. In relying on the surrogate model, the verification team considered that a specification adjustment under 269TAC(8) is warranted to ensure fair comparison between the export model and surrogate domestic model.

For one MCC, P-2-D-4-2-C, the verification team notes that the volume of relevant sales is close to 5 per cent. Additionally, the relevant domestic sales were made to a number of different unrelated customers and there were relevant domestic sales in the same quarters as for export sales (meaning timing adjustments would not be required). The verification team believes that, taken together, these factors indicate a high degree of comparability between the domestic and export sales, meaning that a comparison between domestic prices and export prices would not be affected by the low volume of relevant sales. Therefore, the verification team is satisfied that the volume of relevant sales, for P-2-D-4-2-C, is large enough to permit a proper comparison for the purposes of assessing a dumping margin.

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 packaging	Packaging costs were incurred in relation to certain domestic sales.	Relying on the costs from the relevant accounts in the financial records to work out the weighted average unit cost of packing.	Yes	Yes
Domestic inland transport	Inland transport costs were incurred in relation to certain domestic sales.	Inland freight was calculated based on total inland freight per shipment allocated by sales revenue. The adjustment is based on the unit inland freight allocate by sales quantity.	Yes	Yes
Export inland transport	Inland transport costs were incurred in relation to export sales at levels which were materially different to the cost of domestic inland transport.	Yieh Phui worked out the inland transport costs per kilogram per shipment and allocated to each transaction by sales value. The adjustment is applied by using the total verified inland transport cost incurred on Australian export and divided by the total sales quantity in kilograms.	Yes	Yes
Export packaging	Generally exported like goods had different packaging compared to domestic goods.	Relying on the costs from the relevant accounts in the financial records to work out the weighted average unit cost of packing.	Yes	Yes
Export handling	Incurred handling and other charges for its export sales to Australia.	Yieh Phui worked out the port handling costs per kilogram per shipment and allocated to each transaction by sales value. The adjustment is applied by using the total verified port handling cost incurred on Australian export and divided by the total sales quantity in kilograms.	Yes	Yes
Export trade promotion fee	Incurred trade promotion fee for exports to Australia.	Yieh Phui allocated the trade promotion fee based on the actual costs incurred for each applicable invoice.	Yes	Yes
Bank charges	Incurred bank charges for exports to Australia.	Yieh Phui allocated the bank charges based on the actual costs incurred for each applicable invoice.	Yes	Yes

PUBLIC RECORD

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Export Other selling expenses	Yieh Phui incurred harbour construction fee, cargo certification fee, stevedoring fee, warehousing expense, containerisation fee and bill of lading documentation fee for exports to Australia.	Yieh Phui allocated these other selling expense either based on the actual costs incurred for each applicable invoice or allocating on a line-by-line basis by weight.	Yes	Yes
Specification adjustment	As detailed in section 8.3, there were four Australian export MCC where the domestic sales volume of the identical MCC was less than 5% and a surrogate domestic MCC was applied for the purposes of determining normal value under 269TAC(1).	The specification adjustment was calculated based on the difference between the cost to make of the surrogate MCC and the actual MCC plus an amount of profit.	No	Yes

Table 10 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 packaging	Deduct an amount for domestic packaging
Domestic inland transport	Deduct an amount for domestic inland transport
Export inland transport	Add an amount for export inland transport
Export packaging	Add an amount for export packaging
Export handling	Add an amount for port and handling charges
Export trade promotion fee	Add an amount for export trade promotion fee
Bank charges	Add an amount for bank charges
Export Other selling expenses	Add an amount for export other selling expenses
Specification adjustment	Add or deduct an amount for specification

Table 11 Summary of adjustments

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

10 NORMAL VALUE

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

The verification team has determined a preliminary normal value under section 269TAC(1).

In using domestic sales as a basis for normal value, the verification team considers that certain adjustments, in accordance with section 269TAC(8), are necessary to ensure that differences between the normal value of goods exported to Australia and the export price of the exported goods would not affect comparison of domestic prices with export prices, as outlined in chapter 0 above.

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

The dumping margin for the goods exported to Australia by Yieh Phui for the period is **negative 4.4 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	Normal Value
Confidential Appendix 4	Dumping Margin
Confidential Attachment 1	Verification work program
Confidential Attachment 2	Confidential Analysis (SG&A)