



## Exporter Verification Report

### Verification & Case Details

<b>Initiation Date</b>	30/06/2020	<b>ADN:</b>	2020/067
<b>Case Number</b>	558		
<b>The goods under consideration</b>	Aluminium Zinc Coated Steel ( $\geq$ 600vmm)		
<b>Case type</b>	Dumping and Subsidy Investigation		
<b>Exporter</b>	Sheng Yu Steel Co Ltd		
<b>Location</b>	Remote verification		
<b>Verification from</b>	09/03/2021	<b>to</b>	15/03/2021
<b>Investigation Period</b>	1/04/2019	<b>to</b>	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 sections 269SMG and 269SMR of the *Customs Act 1901* (the Act).<sup>1</sup>

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<sup>1</sup> 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**

Sheng Yu Steel Co., Ltd (SYSCO) was established in May 1973 and manufactures 5 main lines of steel sheet products;

- Cold-rolled coils (CR)
- Galvanized coils (GI)
- Galvanized coil / 55% Al-Zn alloy-coated coils (GL)
- Prepainted galvanized coils (PPGI)
- Prepainted 55% Al-Zn alloy-coated coils (PPGL).

SYSCO has one production facility and sells to the domestic market and exports to countries around the world.

SYSCO is a publicly listed company that trades on the Taiwan stock exchange.

### **1.2 Related Parties**

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

#### **1.2.1 Related suppliers**

The verification team identified that the company acquired a small volume of hot rolled coil (HRC) from a related trader. This is further addressed below in section 6.4.

#### **1.2.2 Related customers**

SYSCO sold the goods to one related domestic customer during the period of investigation (POI). This is further addressed below in section 8.1.1.

### **1.3 Accounting records**

SYSCO's accounts are audited by Deloitte & Touche, Financial records include a statement that the financial accounts are kept in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the People's Republic of China.

## **2 THE GOODS AND LIKE GOODS**

### **2.1 Production Process**

SYSCO’s production process is the same for domestic and export consumption. The goods are produced in the following stages:

- Pickling: Ferro oxide is removed from the surface of the HRC using HCL acid and the edges of the HRC are trimmed for cold rolling.
- Cold rolling: The pickled coils go through the cold rolling mills to reduce the gauge of the coil. This helps improve the flatness and brightness of the surface of the coil. The output product is called cold rolled coils (CRC).
- Galvanizing: The CRC is galvanized using the raw materials zinc and aluminium ingots.
- Finished Goods: The finished goods end the production process by being packed.
- Packaging does not differentiate the packing methods for domestic or export sales. Packaging used for export sales to Australia depends on customers’ selection from SYSCO’s existing packing method.

### **2.2 Model Control Codes (MCCs)**

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

Sales and cost data were provided to the mandatory MCC level.

#### **2.2.1 Amendments to MCCs**

SYSCO sold aluminium zinc coated steel with base metal thickness (BMT) greater than 2 mm. It included two additional subcategories in the BMT category to capture these products in its sales and cost spreads

No.	Exception	Resolution
1	SYSCO provided two additional subcategories of BMT for goods which had BMT greater than 2 mm and less than 2.50 mm (subcategory 6), and for goods greater than 2.50 mm (subcategory 7).	The verification team observed a material price difference between SYSCO’s proposed BMT subcategories (6 and 7) and the other subcategories.. The verification team accepts these proposed BMT subcategories

### **2.3 Verification of MCCs**

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

**PUBLIC RECORD**

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.
Coating mass	Based on the coating mass on the sales listings.
Steel grade	Based on the steel grade on the sales listings.
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 and sales order.

**Table 1 MCC sub-category determination**

## 2.4 The goods exported to Australia

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

- P-2-A-7-2-C
- P-2-F-2-2-C
- P-2-F-3-2-C

## 2.5 Like goods sold on the domestic market

The verification team was satisfied that SYSCO 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;
- 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.

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

N-1-A-1-2-C	N-2-A-3-2-C	N-3-F-3-2-C	P-2-A-4-2-C
N-1-A-2-2-C	N-2-A-4-2-C	P-1-A-1-2-C	P-2-A-5-2-C
N-1-A-3-2-C	N-2-B-1-2-C	P-1-A-2-2-C	P-2-A-6-2-C
N-1-A-4-2-C	N-2-B-5-2-C	P-1-A-3-2-C	P-2-A-7-2-C
N-1-A-5-2-C	N-2-C-1-2-C	P-1-A-4-2-C	P-2-B-4-2-C
N-1-B-1-2-C	N-2-C-2-2-C	P-1-A-5-2-C	P-2-B-5-2-C
N-1-B-2-2-C	N-2-C-3-2-C	P-1-B-1-2-C	P-2-C-2-2-C
N-1-B-4-2-C	N-2-C-4-2-C	P-1-B-2-2-C	P-2-C-3-2-C
N-1-C-1-2-C	N-2-D-1-2-C	P-1-B-3-2-C	P-2-C-4-2-C
N-1-C-2-2-C	N-2-D-2-2-C	P-1-B-4-2-C	P-2-D-1-2-C

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N-1-D-1-2-C	N-2-D-3-2-C	P-1-B-5-2-C	P-2-D-2-2-C
N-1-D-2-2-C	N-2-D-4-2-C	P-1-C-1-2-C	P-2-D-3-2-C
N-1-D-3-2-C	N-2-F-1-2-C	P-1-C-2-2-C	P-2-D-4-2-C
N-1-F-1-2-C	N-2-F-2-2-C	P-1-C-3-2-C	P-2-D-5-2-C
N-1-F-2-2-C	N-2-F-3-2-C	P-1-D-1-2-C	P-2-D-6-2-C
N-1-F-3-2-C	N-3-A-3-2-C	P-1-D-2-2-C	P-2-F-1-2-C
N-1-F-4-2-C	N-3-A-7-2-C	P-1-D-3-2-C	P-2-F-2-2-C
N-1-F-5-2-C	N-3-D-2-2-C	P-1-F-1-2-C	P-2-F-3-2-C
N-2-A-1-2-C	N-3-D-5-2-C	P-2-A-2-2-C	P-3-A-7-2-C
N-2-A-2-2-C	N-3-F-2-2-C	P-2-A-3-2-C	P-3-D-5-2-C

**Table 2 - Domestic Models**

### 2.6 Like goods – assessment

The verification team considers that the goods produced by SYSCO 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. 2016/030.

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

- SYSCO's sales revenue for the relevant period was reconciled to audited financial reports, quarterly income statements, and trial balance;
- SYSCO's trial balance reconciled to a detailed sales ledger; and,
- The detailed sales ledger was reconciled to the domestic and export sales listing submitted in the REQ.

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 data provided by SYSCO 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 the accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN No. 2016/030.

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 SYSCO is accurate.

### **4.2 Exceptions during verification of sales accuracy**

<b>No.</b>	<b>Exception</b>	<b>Resolution</b>
2	SYSCO's export sales listing reported sales of unchromated 55% aluminium-zinc alloy coated products, which are not the goods under consideration.	The verification team requested the mill test certificate for an invoice with the sale of a subject good and an invoice with the sale of a non-subject good to confirm the accuracy of the export sales listing. The unchromated goods were then removed from the export sales listing as they are not the subject goods.
3	SYSCO's domestic sales listing reported sales of unchromated 55% aluminium-zinc alloy coated products, which are not the goods under consideration.	The verification team requested the mill test certificate for an invoice with the sale of a subject good and an invoice with the sale of a non-subject good to confirm the accuracy of the domestic sales listing. The unchromated goods were then removed from the domestic sales listing as they are not the subject goods.
4	In the domestic sales listing, one sale showed a width that appears to fall outside the goods description.	SYSCO advised that for that sale, the width was actually recorded in inches, not millimetres, and did indeed fall within the goods description. The width for this sale has been changed to reflect the width in millimetres in the domestic sales listing.

## 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. 2016/030.

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

- SYSCO provided:
  - its audited financial report for 2019;
  - income statements for 2019 and the period extracted from its accounting system; and,
  - the trial balances for 2019, the period and the first quarters of 2019 and 2020. The cost of goods sold (COGS) in the audited financial report and the income statement extract for 2019 reconciled. The COGS for both 2019 and the investigation period in the respective trial balance were reconciled to detailed ledgers.
- SYSCO provided the spreadsheets behind its CTM listing. SYSCO allocated costs to each category of products manufactured during the investigation period. The data behind the spreadsheets are directly linked to SYSCO's accounting system.

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. The verification team verified the expenses in the investigation period to the trial balance and to the relevant ledgers.

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**.

### 5.1 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data provided in the REQ by SYSCO 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 identified the issues detailed in the section below. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Table 3 below outlines the allocation method applied to each cost item.

<b>Cost item</b>	<b>Method applied</b>
Raw Materials	SYSCO calculated a theoretical consumption amount for each MCC, and then multiplied the average unit cost of each raw material to derive the theoretical cost attributable to each MCC. SYSCO then summed the total theoretical cost of raw materials as denominator, and then divided the theoretical cost of each MCC by total theoretical cost to derive a factor then multiplied by the actual cost of each raw material.
Scrap Allocation	Scrap is allocated based on production quantity. Ledgers were examined.
Manufacturing Overheads	SYSCO developed a 'productivity coefficient factor' for allocation purposes, which is based on the production quantity in the same processing hour for each MCC. The overhead cost reported is equivalent to the productivity coefficient factor multiplied by the production quantity divided by the total production quantity of all products times the actual accounting cost.
Labour	SYSCO used a 'productivity coefficient factor' for allocation purposes, which is based on the production quantity in the same processing hour for each MCC. The overhead cost reported is equivalent to the productivity coefficient factor multiplied by the production quantity divided by the total production quantity of all products times the actual accounting cost.
Depreciation	Depreciation costs are allocated based on production quantity. Ledgers were examined.

**Table 3 Cost allocation method**

### **6.2 Exceptions during verification of CTMS allocation method**

<b>No.</b>	<b>Exception</b>	<b>Resolution</b>
5	The verification team received an amended CTM during the verification	The verification team was satisfied that the amended CTM was a more accurate reflection of SYSCO's costs.

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No.	Exception	Resolution
	to rectify an issue with the allocation of the costs to the goods.	
6	The verification team identified a calculation error in which the total SG&A figure reported did not account for general and administrative expenses.	General and administrative expenses were added to the total SG&A figure.

**Table 4 Exceptions during verification of CTMS allocation method**

### 6.3 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 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**.

### 6.4 Related party suppliers

SYSCO purchased materials from a related party, Toyota Tsusho, during the inquiry period.

The verification team assessed the weighted average price from all suppliers and found no material difference in prices from Toyota Tsusho and unrelated suppliers.

The verification team therefore considers that purchases of materials were not influenced by the relationship with Toyota Tsusho.

### 6.5 Accuracy finding

The verification team is satisfied that the CTMS data provided in the REQ by SYSCO, 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 SYSCO's Australian customers to be the beneficial owners of the goods at the time of importation and therefore the importer as these 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;
- pays for all the importation charges; and
- arranges delivery from the port.

In relation to the goods exported by SYSCO to Australia, 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.

### 7.2 The exporter

The verification team considers SYSCO to be the exporter of the goods<sup>2</sup>, as SYSCO is:

- the manufacturer of the goods;
- named on the commercial invoice as the supplier;
- named as consignor on the bill of lading;
- arranges and pays for the inland transport to the port of export;
- arranges and pays for the port handling charges at the port of export;

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

### 7.3 Arms length

#### 7.3.1 Unrelated customers

In respect of SYSCO's Australian sales of the 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 receive a benefit for, or in respect of, the whole or any part of the price.<sup>3</sup>

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<sup>2</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.

<sup>3</sup> Section 269TAA refers.

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The verification team therefore considers that all export sales made by SYSCO to its unrelated Australian customers during the period were arms length transactions.

### 7.4 Export Price – assessment

In respect of Australian sales of the goods by SYSCO, the verification team recommends that the export price be determined under section 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

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

## 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 SYSCO'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.<sup>4</sup>

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

In reaching this conclusion, the verification team identified 5 invoices to the related customer. The verification team was unable to compare the price between the related customer and non-related customer as there were no quarters where one model was bought by all customers. Some domestic purchases by the related customer in 2020-Q1 appear to be bought at a lower price than the non-related customer.

All domestic models that the related customer purchased in the POI had a prime quality, a coating mass of '2', and a standard/grade of 'A'. When comparing the price of models sold to related and unrelated customers, with the same characteristics over the POI, there is a noticeable overall downwards trend in their price during 2020-Q1. Thus, the verification team is satisfied that this price reduction is not due to the customer being a related company.

#### 8.1.2 Unrelated customers

In respect of SYSCO'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.

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<sup>4</sup> Section 269TAA of the Act refers.

The verification team therefore considers that all domestic sales made by SYSCO to its unrelated domestic customers during the period were arm’s 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.<sup>5</sup>

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 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. 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

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<sup>5</sup> In general, the Commission will consider ‘extended period’ and ‘reasonable period’ to be the investigation, review or inquiry period.



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per cent of the volume exported, the Commission will consider whether a proper comparison can be made at the MCC level. In these situations, the Commission may consider whether a surrogate domestic model should be used to calculate normal value for the exported model.

This analysis is detailed in the table below.

<b>Export MCC</b>	<b>Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?</b>
P-2-A-7-2-C	Y
P-2-F-2-2-C	Y
P-2-F-3-2-C	Y

**Table 5 Domestic volumes**

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

## **9 ADJUSTMENTS**

To ensure the normal value is comparable to the export price of goods exported to Australia at free-on-board (FOB) terms, the verification team has considered the following adjustments may be necessary.

### **9.1 Rationale and Method**

<b>Adjustment type</b>	<b>Assessment for adjustment</b>	<b>Calculation method and evidence</b>	<b>Claimed in REQ?</b>	<b>Adjustment required?</b>
Domestic inland transport	SYSCO incurred inland transport expenses for the delivery of goods for domestic sales from its factory to their customer.	Where these costs were incurred, they have been deducted directly from the invoice value of the relevant sales.	Yes	Yes
Domestic Minor Defect Allowance	SYSCO provides sales allowance for minor quality issues, such as minor production holes and defective appearance of the steel.	The defective product value is calculated and subtracted from the total gross value of the sale.	Yes	Yes
Domestic discounts and rebates	SYSCO grants quantity discounts, delivery rebates and performance rebates, depending on how much the customer orders.	The discount/rebate is calculated by how much the customer ordered and is subtracted from the total gross value of the sale.	Yes	Yes
Domestic warranty expenses	In case of a claim from the customer about the coils shipped, SYSCO's technical person examined the quality issues to see if it was caused by SYSCO. In case it was, a warranty expense was granted as a discount to customers.	The warranty expense is recorded by specific coils, it is calculated by taking the total discount divided by the associated sales quantity of each coil.	Yes	Yes

**PUBLIC RECORD**

<b>Adjustment type</b>	<b>Assessment for adjustment</b>	<b>Calculation method and evidence</b>	<b>Claimed in REQ?</b>	<b>Adjustment required?</b>
Domestic and export bank charges	Reflects bank charges such as transaction fees for electronic payment or extra charges for letters of credit (L/Cs).	SYSCO identified the total bank charges incurred for the related transactions, and divided the total bank charges by the invoices total value of that transaction. This factor is then multiplied by the value of each invoice to derive the bank charges allocated to each invoice. After that, the allocated result then was divided by the total sales quantity of each invoice to obtain the unit bank charge and reported in this field.	Yes	Yes
Export commissions	For export sales, SYSCO pays an amount per MT to a company.	Total commission for the invoice is divided by total invoice quantity to derive the unit cost. SYSCO provided the commission contract in the work program.	Yes	Yes
Domestic and export packaging	Packaging costs differ depending on customer requirements, not destination market.	Calculated by totalling the total theoretical cost for each packing code and then dividing by the associated sales quantity.	No	Yes
Export inland transport costs	SYSCO incurred inland transport expenses for the delivery of goods for export to Australia from its factory to the port.	Divide the actual freight paid per shipment by the associated sales quantity.	Yes	Yes
Export handling and other	SYSCO incurred costs associated with loading containers onto the ships	Calculated on a transaction-specific basis. Total amount of expenses is divided by total actual quantity shipped for associated transactions to obtain the unit costs.	Yes	Yes

**PUBLIC RECORD**

<b>Adjustment type</b>	<b>Assessment for adjustment</b>	<b>Calculation method and evidence</b>	<b>Claimed in REQ?</b>	<b>Adjustment required?</b>
Level of trade	<p>Australian sales were made to traders, and domestic sales were made to traders and end users.</p> <p>Based on price analysis, the verification team considers that level of trade has a material and consistent influence on domestic prices. Therefore, the verification team considers it appropriate to ensure that the dumping margin accounts for differences in level of trade for domestic sales.</p>	Adjusted the prices to end users based on the weighted average percentage difference between prices of domestic sales to end users and traders.	Yes	Yes
Timing differences	In certain quarters, there were no domestic sales of the same export MCC to enable a comparison to the export price. Therefore, the normal values for those quarters were calculated based on the normal values in another quarter for the same MCC, with an adjustment to take into account the sales occurring at different times.	The timing adjustment was based on the percentage change in the normal value for the most alike MCC which was sold in both relevant quarters.	N/A	Yes

**Table 6 Assessment of adjustments**

## 9.2 Adjustments

The verification team considers the following adjustments under 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 packaging	Deduct an amount for domestic packaging
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic warranty charges	Deduct an amount for domestic warranty charges
Domestic bank charges	Deduct an amount for domestic bank charges
Export inland transport	Add an amount for export inland transport
Export commission	Add an amount for commission
Export handling and other charges	Add an amount for handling and other charges
Export packaging	Add an amount for export packaging
Export bank charges	Add an amount for export bank charges
Level of trade	Deducted an amount for level of trade
Timing differences	Add or deduct an amount in relation to sales occurring at different times

**Table 7 Summary of adjustments**

## 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 of like goods. SYSCO is considered to be an appropriate seller of like goods for the purpose of section 269TAC(1) as it manufactured the goods exported to Australia.

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).

As such, 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 9 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 review period.

The dumping margin for the goods exported to Australia by SYSCO for the period is **negative 5.6 per cent**.

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

**12 APPENDICES AND ATTACHMENTS**

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