



Exporter Verification Report

Verification & Case Details

Initiation Date	30/06/2020	ADN:	2020/068
Case Number	559		
The goods under consideration	Aluminium Zinc Coated Steel (< 600mm)		
Case type	Dumping and Subsidy Investigation		
Exporter	Hoa Sen Group		
Location	Virtual verification		
Verification from	22/02/2021	to	26/02/2021
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

Hoa Sen Group Joint Stock Company (HSG) was established in 2001 and is publicly listed company on the Ho Chi Minh Stock exchange in Vietnam. HSG has a number of subsidiary companies within its group.

HSG primarily manufactures and sells iron and steel products in domestic and international markets. The following is a breakdown of the products which HSG sell:

- Steel sheet in coil:
 - Aluminium zinc alloy (the goods under consideration (GUC))
 - Pre painted aluminium zinc alloy-coated sheet
 - Galvanised steel sheet
 - Pre painted galvanised sheet
- Steel pipe:
 - Galvanised steel pipe
- Plastic pipe:
 - UPVC plastic pipe
 - HDPE plastic pipe
 - PP-R plastic pipe

1.2 Related Parties

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

1.2.1 Related suppliers

HSG purchased cold rolled coil (CRC) which is the raw material used to produce the GUC. HSG provided a purchase listing of the CRC which lists only the CRC used to produce the GUC during the investigation period. All of these purchases are made from related parties, which are HSG's subsidiaries.

1.2.2 Related customers

The verification team examined the relationships between HSG and its related parties. It observed that HSG sells significant volumes of the goods to related parties. These related parties are subsidiaries, branches and affiliates which then on-sell HSG's goods directly to unrelated customers.

1.3 Accounting records

HSG's audited financial statement was audited by KPMG and includes a statement that the financial accounts comply with and includes a statement that the financial accounts comply with the Vietnamese Accounting Standards, Vietnamese Accounting System, and statutory requirements relevant to preparation and presentation of the financial statements. The audit opinion is unqualified.

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

2 THE GOODS AND LIKE GOODS

2.1 Production Process

HSG purchases most of its hot rolled coil (HRC) from unrelated parties and a small amount of HRC from related parties. HSG then transfers this HRC to its manufacturing subsidiaries which then further process the HRC, turning the HRC into CRC. HSG's manufacturing subsidiaries then sell the CRC back to HSG, and HSG produces the GUC.

HSG outlined the following production process:

- Pickling line – HRC is cleaned and free from impurities such as stain and rust;
- Cold rolling line – is used to reduce the thickness of the HRC;
- Trimming line – is used to trim the edges to gain a specified width;
- Continuous GI/GL line – coats the surface of the cold rolled steel to create a galvanised or an aluminium zinc coated steel product;
- Slitting line- cuts flat steel products into specified widths; and
- Shearing line – to convert coils into sheets.

2.2 Model Control Codes (MCCs)

HSG 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. 2020/068.

2.2.1 Amendments to MCCs

Based on analysis of the price comparability of the goods under consideration, the verification team considers it is not necessary to make amendments to the MCC structure.

2.3 Verification of MCCs

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 accounting system.
Coating mass	Based on the coating mass on the commercial invoices and sales order.
Steel grade	Based on the steel grade on the commercial invoices and sales order.
Base metal thickness (BMT)	Based on the base metal thickness listed on the commercial invoices where listed 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 HSG produced and exported the goods to Australia. HSG exported the goods to Australia with the following MCCs during the period:

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

Table 2 Exported MCCs

2.5 Like goods sold on the domestic market

The verification team was satisfied that HSG 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.

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

Domestic like goods MCCs	
N-1-D-5-1-C	P-1-F-1-1-C
N-1-F-1-1-C	P-1-F-2-1-C
N-1-F-2-1-C	P-1-F-3-1-C
N-1-F-3-1-C	P-1-F-4-1-C
N-1-F-4-1-C	P-2-E-5-1-C
N-1-F-5-1-C	P-2-F-2-1-C
N-2-D-2-1-C	P-2-G-3-1-C
N-2-D-3-1-C	P-2-G-4-1-C
N-2-F-2-1-C	P-2-G-5-1-C
N-2-F-3-1-C	
N-2-F-4-1-C	
N-2-G-4-1-C	

Table 3 Domestic MCCs

2.6 Like goods – assessment

The verification team considers that the goods produced by HSG 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 Response to 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:

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

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 HSG 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 the REQ by reconciling these to source documents in accordance with ADN No. 2016/30.

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

4.1 Exceptions during verification of sales accuracy

No.	Exception	Resolution
1	The Australian sales listing indicated that all products exported to Australia were not prime products.	The downward verification of Australian sales confirmed that all products were prime and not non-prime as originally listed. The company amended the Australian sales listing.
2	The Australian sales listing in the BMT column did not reconcile to the sales invoices.	The company amended the Australian sales listing correcting the BMT column.
3	The allocation methodology used by HSG to allocate inland transport into the export sales listing was based on a revenue; however, the verification considers that an allocation based on quantity is more reasonable and appropriate.	The verification team recalculated the inland transport cost that was allocated into the export sales listing based on quantity instead of revenue.
4	The allocation methodology used by HSG to allocate handling at port charges into the export sales listing was based on a revenue; however, the verification considers that an allocation based on quantity is more reasonable and appropriate.	The verification team recalculated the handling at port charges that was allocated into the export sales listing based on quantity instead of revenue.
5	The domestic sales listing indicated that significant volumes sold domestically were not prime products.	The domestic sales listing was revised with prime products now representing a significant proportion of the total quantities sold.
6	The verification team identified that the BMT column in the domestic sales listing reported the total coating thickness instead of BMT.	The company amended the domestic sales listing correcting the BMT column.
7	The verification team identified that insurance costs in the domestic sales listing relating to delivered goods was	The verification team excluded costs relating to insurance that are sold on an ex-works basis.

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	allocated to sales sold on an ex-works basis.	
8	The verification team identified that inland transport costs included expenditures that did not relate to the delivery of the goods under consideration and to expenditures that could not be verified. In addition, the allocation methodology used by HSG to allocate inland transport costs into the domestic sales listing was based on a revenue; however, the verification considers that an allocation based on quantity is more reasonable and appropriate.	The verification team excluded costs to inland transport that were not directly related to the goods under consideration and excluded costs that could not be isolated to exclude indirect costs that are not directly related to the goods under consideration. In addition, the verification team recalculated the inland transport cost that was allocated into the domestic sales listing based on quantity instead of revenue.

Table 4 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by exporter, including any required amendments as outlined in the exception tables 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 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:

- Assessing HSG’s audited financial reports for various periods, including the year ending September 2019;
- Analysing the income statement for the year ending September 2019 and the investigation period, extracted from its accounting system, as well as the trial balance for the investigation period.

Using the financial reports, the verification team was able to calculate a COGS figure for the investigation period, which did not reconcile to the COGS figure in the income statement for the investigation period. HSG explained that the difference between the two values is a result of the audited financial accounts including the COGS for HSG’s branches. HSG demonstrated this variance.

HSG provided the spreadsheets behind its CTM listing. HSG allocated costs to each category of products manufactured during the investigation period. The data behind the spreadsheets are directly from HSG’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 identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Exceptions during verification of SG&A

No.	Exception	Resolution
9	The team noticed that “realised foreign exchange losses” were not included as part of SG&A.	The team added “realised foreign exchange losses” to SG&A for the IP, given the basis of HSG’s purchases of HRC.

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10	The team noticed that various SG&A accounts were initially classified as direct selling expenses and therefore not included in SG&A. However, the team finds that eleven of these accounts classified as such, are actually indirect selling expenses, and therefore should be added to SG&A.	The team reclassified the eleven SG&A accounts as indirect selling expenses and added the accounts to SG&A.
11	The team noted that not all domestic sales MCCs and its quantity were included as part of the domestic SG&A calculation.	The team revised the SG&A calculation by including the relevant domestic MCCs and its quantity by using the domestic sales listing.

Table 5 Exceptions during verification of accuracy of sales data

5.2 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data provided in the REQ by HSG, including any required amendments as outlined in the exception tables 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	Weighted average actual raw material cost allocated based on various production codes which link with various groups of raw material. Allocated by production quantity. Ledgers were examined.
Scrap Allocation	Allocated based on production quantity of product codes. Ledgers were examined.
Manufacturing Overheads	Allocated based on production quantity of product codes. Ledgers were examined.
Labour	Allocated based on production quantity of product codes. Ledgers were examined.
Depreciation	Allocated based on production quantity of product codes. Ledgers were examined.

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 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

HSG purchased all of its CRC (which was used to produce the GUC) from related parties during the investigation period.

The Commission will further assess whether these cost items represent competitive market costs as the case continues.

6.4 Accuracy finding

The verification team is satisfied that the CTMS data provided in the REQ by HSG, is accurate and reasonably reflects the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

The verification team considers HSG's Australian customers to be the beneficial owner of the goods at the time of importation and therefore the importer as the importer is:

- 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 HSG, 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 HSG to be the exporter of the goods², as HSG 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; and
- arranges and pays for the ocean freight and marine insurance.

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

7.3 Arms length

7.3.1 Unrelated customers

In respect of HSG'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

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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- 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 all export sales made by HSG 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 HSG, 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**.

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 HSG's domestic sales of like goods to its related 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 their price; 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

However, the verification team found evidence that 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 as:

- HSG has a controlling or significant interest in the related parties;
- HSG is the supplier of the goods to the related parties; and
- prices between HSG and the related parties are determined according to an internal pricing guideline.

The verification team observed that the prices for unrelated and related customers were not comparable. The verification team therefore considers that domestic sales made by HSG to its related customer during the period were not arms length transactions, pursuant to section 269TAA(1)(b).⁵

8.1.2 Unrelated customers

In respect of HSG'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.

⁴ See section 269TAA(1)(c).

⁵ The Commission notes that the finding in this report that the sales to domestic customers did not take place on an arms length basis relates to the assessment of normal values for anti-dumping purposes under section 269TAC. It is not an assessment of the exporter's transfer pricing policy with respect to compliance with the revenue laws of any jurisdiction.

The verification team therefore considers that all domestic sales made by exporter to its unrelated domestic customers during the period were arm's length transactions.

8.2 Ordinary course of trade

Section 269TAAAD 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.⁶

The verification team have collected the necessary data to conduct an OCOT assessment, based on the reported costs and sales at the time of verification. The application has claimed that records of Vietnamese exporters do not reasonably reflect competitive market costs associated with the production or manufacture of like goods. The Commission is currently considering this claim. Therefore, the assessment of whether domestic sales are in the OCOT has been referred to the case management team for consideration.

8.3 Volume of relevant sales

The verification team have collected the necessary data to conduct a volume analysis, based on the reported costs and sales at the time of verification. The application has claimed that the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1) (section 269TAC(2)(a)(ii)). The application has also claimed that the records of Vietnamese exporters do not reasonably reflect competitive market costs associated with the production or manufacture of like goods.

The Commission is currently considering these claims. Therefore, the verification team has referred consideration of the volume of relevant sales to the case management team.

⁶ In general, the Commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

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) or 269TAC(9).

9.1 Rationale and Method

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Domestic credit expense	A downward adjustment to the normal value for domestic credit terms is required to ensure a fair comparison to the FOB export price.	The verification team has applied this adjustment based on the credit cost listed for each domestic transaction.	Yes	Yes
Domestic insurance	A downward adjustment to the normal value for domestic insurance is required to ensure a fair comparison to the FOB export price.	The verification team has applied this adjustment based on the insurance cost listed for each domestic transaction that was delivered to the customer.	Yes	Yes
Domestic inland transport	A downward adjustment to the normal value for domestic inland transport is required to ensure a fair comparison to the FOB export price.	The verification team has applied this adjustment based on the inland transport cost listed for each delivered domestic transaction.	Yes	Yes
Domestic inland samples	The verification team does not consider that this is a direct selling expense as it cannot be linked to any specific sales listed in the domestic sales listing. In addition, the verification team considers this to be an indirect selling expense.	N/A	Yes	No
Domestic tools depreciation for selling	The verification team does not consider that this is a direct selling expense as it cannot be linked to any specific sales listed in the domestic sales listing. In addition, the verification team considers this to be an indirect selling expense.	N/A	Yes	No
Domestic bank fee	A downward adjustment to the normal value for domestic bank fee is	The verification team has applied this adjustment based on	Yes	Yes

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	required to ensure a fair comparison to the FOB export price.	the domestic bank fees listed for each domestic transaction.		
Domestic commission	A downward adjustment to the normal value for domestic commission is required to ensure a fair comparison to the FOB export price.	The verification team has applied this adjustment based on the domestic commission paid listed for each domestic transaction.	Yes	Yes
Domestic advertising	The verification team does not consider that this is a direct selling expense as it cannot be linked to any specific sales listed in the domestic sales listing. In addition, the verification team considers this to be an indirect selling expense.	N/A	Yes	No
Domestic store, warehouse for selling	The verification team does not consider that this is a direct selling expense as it cannot be linked to any specific sales listed in the domestic sales listing. In addition, the verification team considers this to be an indirect selling expense.	N/A	Yes	No
Export inland transport	An upward adjustment to the normal value for export inland transport is required to ensure a fair comparison to the FOB export price.	This adjustment is based on the weighted average unit cost (per ton) for inland transport over the investigations period.	Yes	Yes
Export port handling	An upward adjustment to the normal value for export port handling is required to ensure a fair comparison to the FOB export price.	This adjustment is based on the weighted average unit cost (per ton) for export port handling over the investigation period.	Yes	Yes
Export bank charges	An upward adjustment to the normal value for domestic bank fee is required to ensure a fair comparison to the FOB export price.	This adjustment is based on the weighted average unit cost (per ton) for bank charges over the investigation period.	Yes	Yes

Table 7 Assessment of adjustments

9.2 Adjustments

The verification team considers the following adjustments under section 269TAC(8) or 269TAC(9) 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 credit terms	Deduct an amount for domestic credit
Domestic Insurance	Deduct an amount for domestic insurance
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic bank fee	Deduct an amount for bank fees
Domestic commission	Deduct an amount for commissions
Export inland transport	Add an amount for export inland transport
Export port handling	Add an amount for port handling charges
Export bank charges	Add an amount for bank charges

Table 8 Summary of adjustments

10 NORMAL VALUE

As stated in chapter 8, the application has claimed that the situation in the market in the country of export is such that sales in that market are not suitable for use in determining a normal value under section 269TAC(1) (section 269TAC(2)(a)(ii)). Where section 269TAC(2)(a)(ii) is satisfied, normal value may be constructed under section 269TAC(2)(c).

The verification team has not considered whether section 269TAC(2)(a)(ii) is satisfied. Therefore, the verification team has not calculated a normal value and has referred the calculation of the normal value to the case management team.

The verification team recommends that, in the event the normal value is determined under section 269TAC(2)(c), certain adjustments in accordance with section 269TAC(9) are necessary to ensure that normal values are properly comparable with export prices as outlined in chapter 0 above.

11 DUMPING MARGIN

Normal values were not determined as part of the verification process (see chapter 10 of this report). As such, the verification team was not able to calculate a dumping margin for the goods exported to Australia by HSG for the period. The calculation of the dumping margin has been referred to the case management team and will be detailed in the Statement of Essential Facts.

12 SUBSIDIES

12.1 Less than adequate remuneration

The verification team verified the completeness, relevance and accuracy of the raw material purchase listing provided in the REQ by reconciling the listing up to the general ledger and down to source documents.

The verification team also collected information on whether the raw material was supplied by and/or manufactured by a State Invested Enterprise.

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**.

12.2 Tax benefits

The verification team verified the income tax information provided in the REQ by reconciling the information to the tax returns and proof of payment documents.

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**.

12.3 Financial Grants

The verification team verified the completeness, relevance and accuracy of the financial grants listing provided in the REQ by reconciling the listing up to the general ledger.

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**.

12.4 Subsidy margin

The verification team found no evidence that HSG received a benefit in relation to any of the alleged subsidy programs. Accordingly, it has not calculated a preliminary subsidy margin.

13 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Attachment 1	Verification work program