



Exporter Verification Report

Verification & Case Details

Initiation Date	02/02/2021	ADN:	2021/010
Case Number	575		
The goods under consideration	Clear Float Glass		
Case type	Continuation Inquiry		
Exporter	PT Muliaglass		
Location	Virtual Verification		
Verification from	12/04/2021	to	22/04/2021
Inquiry Period	01/01/2020	to	31/12/2020

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

CONTENTS

CONTENTS	2
PREFACE	3
1 COMPANY BACKGROUND.....	4
1.1 CORPORATE STRUCTURE AND OWNERSHIP	4
1.2 RELATED PARTIES	4
1.3 ACCOUNTING RECORDS	4
2 THE GOODS AND LIKE GOODS	5
2.1 PRODUCTION PROCESS	5
2.2 MODEL CONTROL CODES (MCCs).....	5
2.3 VERIFICATION OF MCCS	5
2.4 EXCEPTIONS DURING VERIFICATION OF MCCS	6
2.5 THE GOODS EXPORTED TO AUSTRALIA	6
2.6 LIKE GOODS SOLD ON THE DOMESTIC MARKET	6
2.7 LIKE GOODS – ASSESSMENT	7
3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE.....	8
3.1 SALES COMPLETENESS AND RELEVANCE FINDING	8
4 VERIFICATION OF SALES ACCURACY.....	9
4.1 EXCEPTIONS DURING VERIFICATION OF SALES ACCURACY.....	9
4.2 SALES ACCURACY FINDING	9
5 VERIFICATION OF COST TO MAKE AND SELL (CTMS) COMPLETENESS AND RELEVANCE	10
5.1 EXCEPTIONS DURING VERIFICATION OF COMPLETENESS AND RELEVANCE OF CTMS DATA	10
5.2 COMPLETENESS AND RELEVANCE FINDING OF CTMS DATA	10
6 VERIFICATION OF COST TO MAKE AND SELL (CTMS) ACCURACY	11
6.1 COST ALLOCATION METHOD.....	11
6.2 VERIFICATION OF ACCURACY OF CTMS DATA	11
6.3 EXCEPTIONS DURING VERIFICATION OF ACCURACY OF CTMS DATA	11
6.4 ACCURACY FINDING	12
7 EXPORT PRICE.....	13
7.1 THE IMPORTERS	13
7.2 THE EXPORTER	13
7.3 ARMS LENGTH	13
7.4 EXPORT PRICE – ASSESSMENT	14
8 DOMESTIC SALES	15
8.1 ARMS LENGTH	15
8.2 ORDINARY COURSE OF TRADE.....	15
8.3 VOLUME OF RELEVANT SALES	16
9 ADJUSTMENTS.....	18
9.1 RATIONALE AND METHOD.....	18
9.2 ADJUSTMENTS	19
10 NORMAL VALUE	20
11 DUMPING MARGIN.....	21
12 APPENDICES AND ATTACHMENTS	22

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* (Cth) (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

PT Muliaglass is a glass manufacturer located in Jakarta, Indonesia specialising in the manufacture of float glass, glass blocks, glass containers, and automotive safety glass. PT Muliaglass is owned by the publically listed company PT Mulia Industrindo Tbk.

PT Mulia Industrindo Tbk acts as a distributor for PT Muliaglass for sales of its products on the Indonesian domestic market. PT Muliaglass manages its own sales into export markets.

1.2 Related Parties

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

The verification team found that PT Muliaglass did not have any related party customers or suppliers of the goods during the inquiry period.

1.2.1 Related customers

Sales of like goods on the Indonesian domestic market are made by the parent company PT Mulia Industrindo Tbk. This is treated as a related party sale between PT Mulia Industrindo Tbk and PT Muliaglass.

1.3 Accounting records

PT Mulia Industrindo Ptbk is the entity which produces audited financial statements. These statements are audited by Deloitte and include a statement that the financial accounts comply with Indonesian Financial Accounting Standards.

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

2 THE GOODS AND LIKE GOODS

2.1 Production Process

PT Muliaglass uses a float production process to produce both the goods and like goods.

The raw materials (such as soda ash and sand) are first melted together in a large furnace, after which the molten glass is floated on a 'bath' of molten tin. The floating of the molten glass on tin gives the glass an evenly formed width and height.

After the molten glass is formed, it is cooled in a controlled environment, and cut into large stock sheets.

The production process results in a degree of glass which is non-conformant, called cullet. Cullet is eventually fed back into the process at the raw materials stage to be used for new glass production.

2.2 Model Control Codes (MCCs)

PT Muliaglass 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. 2021/010.

PT Muliaglass did not propose any changes to the MCCs and provided all mandatory sales and cost data.

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
Thickness	The thickness was verified through the purchase order and invoice.

Table 1: MCC sub-category determination

Table 2 below displays the relationship between product thickness and MCC categories.

Nominal thickness (mm)	Acceptable tolerances (mm)	
	Minimum	Maximum
3	2.80	3.50
4	3.51	4.50
5	4.51	5.50
6	5.51	7.00
8	7.01	9.00
10	9.01	11.00
12	11.01	12.30

Table 2: MCC mapping

2.4 Exceptions during verification of MCCs

No.	Exception	Resolution
1	PT Muliaglass had incorrectly classed sales of 5.5 mm CFG as under an MCC of 6, instead of 5 as outlined in Table 2 above.	The domestic sales listing was modified to classify sales of 5.5 mm like goods under the MCC category of 5.
2	PT Muliaglass had incorrectly classed costs of 5.5 mm CFG as under an MCC of 6, instead of 5 as outlined in Table 2 above.	The domestic CTM listing was modified to classify sales of 5.5 mm like goods under the MCC category of 5.

Table 3: Amendments to the MCC mapping

2.5 The goods exported to Australia

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

- 3
- 4
- 5
- 6
- 8
- 10
- 12

2.6 Like goods sold on the domestic market

The verification team was satisfied that PT Muliaglass 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;
- the goods 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.

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

- 3
- 4
- 5
- 6

PUBLIC RECORD

- 8
- 10
- 12

2.7 Like goods – assessment

The verification team considers that the goods produced by PT Muliaglass 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:

- PT Muliaglass's sales revenue for the relevant period was reconciled to the income statements and trial balance;
- PT Muliaglass's trial balance was reconciled to a detailed sales ledger for export and domestic sales;
- The detailed sales ledgers were reconciled to the domestic and export sales listings 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 PT Muliaglass 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
3	FOB and CIF costs were included under a single expense item in the Australian sales listing.	A revised Australian sales listing was provided which separated out the FOB and CIF expenses.
4	Price discount paid to the parent company and incentives paid to customers for domestic sales were not included in the domestic sales listing.	A revised domestic sales listing was provided which included an allocation for the price discount paid to the parent company and incentives paid to domestic customers.
5	A domestic and export weighted average packaging expense over the period was calculated as the packaging expense in the domestic and export sales spreadsheets respectively. This is despite a quarterly packaging expense being calculated in the cost spreadsheets.	The verification team considers that it is more accurate to apply the quarterly packaging cost by MCC from the cost spreadsheets as the packaging expense in the domestic and export sales spreadsheets.
6	The marine insurance for one invoice was found to be incorrectly entered by the exporter.	Exporter provided the correct amount for marine insurance and the value was updated in the export sales listing.

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 PT Muliaglass, including any required amendments as outlined in the exception tables above, is accurate.

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

- The cost of goods sold (COGS) in the income statement for the division relevant to the production of the goods under consideration was reconciled to the income statement for all divisions;
- The cost of production for the goods under consideration was reconciled to the COGS for the division; and
- The cost of production reported in the domestic CTMS and Australian CTMS listings was reconciled to the cost of production for the goods under consideration.

The verification team verified the relevance and completeness of the SG&A data by reconciling the SG&A listing to the detailed trial balance for the division relevant to the goods under consideration.

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 completeness and relevance of CTMS data

No.	Exception	Resolution
7	PT Muliaglass provided cost of goods sold instead of cost to make in its response to the exporter questionnaire.	PT Muliaglass updated their cost spreadsheets to reflect cost to make.
8	PT Muliaglass did not include SG&A expenses relating to financial expenses.	The verification team added the SG&A expenses relating to financial expenses.

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 PT Muliaglass, 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 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**.

Table 6 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Based on actual costs as per the trial balance, allocated on production quantity.
Scrap Allocation	Scrap is recycled in the production process as cullet. This was captured as an offset to the raw materials cost in the trial balance.
Labour	Based on actual costs as per the trial balance, allocated on production quantity.
Manufacturing Overheads	Based on actual costs as per the trial balance, allocated on production quantity.
Depreciation	Based on actual costs as per the trial balance, allocated on production quantity.

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 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**.

6.3 Exceptions during verification of accuracy of CTMS data

No.	Exception	Resolution
9	The verification team identified a number of spread sheeting errors in the cost worksheets used to complete the cost spreadsheets.	PT Muliaglass revised the Australian and domestic cost spreadsheets with these errors fixed.

PUBLIC RECORD

No.	Exception	Resolution
10	PT Muliaglass included certain reversal entries in the manufacturing overheads expense calculation, however the verification team was not satisfied with PT Muliaglass' explanation on the reason why these reversal entries were necessary.	The verification team revised the manufacturing overheads calculation by removing certain depreciation reversal entries.

Table 7: Exceptions during verification of accuracy of CTMS data

6.4 Accuracy finding

The verification team is satisfied that the CTMS data provided in the REQ by PT Muliaglass, including any required amendments as outlined as an exception above, 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 PT Muliaglass's Australian customers to be the beneficial owner of the goods at the time of importation and therefore the importer as they:

- are named on the commercial invoice as the customer;
- are named as the consignee on the bill of lading;
- pays for all the importation charges (excluding ocean freight and marine insurance); and
- arranges delivery from the port.

In relation to the goods exported by PT Muliaglass 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 PT Muliaglass to be the exporter of the goods², as PT Muliaglass 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 PT Muliaglass was the exporter of the goods.

7.3 Arms length

7.3.1 Unrelated customers

In respect of PT Muliaglass'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.

PUBLIC RECORD

- 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 PT Muliaglass 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 PT Muliaglass, 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 PT Muliaglass's domestic sales of like goods to PT Mulia Industrindo Tbk 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 their 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.

However, the verification team found evidence that 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 as PT Muliaglass paid a reimbursement in the form of a price discount to PT Mulia Industrindo Tbk.

Under section 269TAA(1A), sales of goods which fall under section 269TAA(1)(c) may be treated as arms length having regard to the following matters:

- any agreement, or established trading practices, in relation to the seller and the buyer, in respect of the reimbursement;
- the period for which such an agreement or practice has been in force;
- whether or not the amount of the reimbursement is quantifiable at the time of the purchase or sale.

The verification team considers that the price discount paid by PT Muliaglass to PT Mulia Industrindo Tbk reflects an established trading practice, that is, reimbursement for the use of PT Mulia Industrindo Tbk's sales staff. This practice was found to have been in place for an extended period of time. Finally, the verification team was able to quantify the amount of the reimbursement at the time of the sale.

The verification team therefore considers that all domestic sales made by PT Muliaglass to PT Mulia Industrindo Tbk during the period were arms length transactions, subject to section 269TAA(1A).

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

⁴ See section 269TAA(1)(c).

- unlikely to be recoverable within a reasonable period.⁵

The verification team tested profitability by comparing the net invoice price, less any reimbursements, 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%) 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 net invoice price, less any reimbursements, 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
Cost	Quarterly cost to make and sell, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell over the period, including direct selling expenses for each transaction.

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 where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than 5% 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 5% 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 5% 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.

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

PUBLIC RECORD

This analysis is detailed in the table below.

Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?
3	Y
4	Y
5	Y
6	Y
8	Y
10	Y
12	Y

Table 9: 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 in accordance with section 269TAC(8).

9.1 Rationale and Method

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Domestic credit terms	Credit terms are different between export and domestic sales.	The interest rate for the credit adjustment was calculated using PT Muliaglass's short term borrowing rate.	Y	Y
Domestic packaging	Cost incurred from transporting like goods from the factory to the domestic customer.	Actual unit cost from domestic transport provider.	Y	Y
Domestic inland transport	Domestic packaging was found to be different to export packaging.	Weighted average domestic packaging unit cost for all models.	Y	Y
Domestic price discount to parent company	PT Muliaglass pays its parent company, PT Mulia Industrindo Tbk a price discount for domestic sales of like goods.	This adjustment is not required as the net invoice price excludes the price discount.	Y	N
Export packaging	Export packaging was found to be different to domestic packaging.	Weighted average export packaging unit cost for all models.	Y	Y
Export inland transport	Cost incurred from transporting the goods from the factory to the port.	Weighted average unit cost based on actual cost and actual sales quantities listed in the Australian sales listing.	Y	Y
Export port charges	Cost incurred at the port, including port handling charges, bill of lading fees, etc.	Weighted average unit cost based on actual cost and actual sales quantities listed in the Australian sales listing.	Y	Y
Export credit terms	Credit terms are different between export and domestic sales.	The interest rate for the credit adjustment was calculated using PT Muliaglass's short term borrowing rate.	Y	Y

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 credit terms	Deduct an amount for domestic credit
Domestic inland transport	Deduct an amount for domestic inland transport
Domestic packaging	Deduct an amount for domestic packaging
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export port charges	Add an amount for port charges
Export credit terms	Add an amount for export credit terms

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 9.

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 inquiry period.

The dumping margin for the goods exported to Australia by PT Muliaglass for the period is **negative 2.6%**.

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