PUBLIC RECORD

Australian Government
Department of Industry, Science, Energy and Resources

Anti-Dumping Commission

Exporter Verification Report

Verification & Case Details

Initiation Date	15 March 2021	**ADN:**	2021/31
Case Number	578		
The goods under consideration	Quenched and Tempered Steel Plate		
Case type	Dumping Investigation		
Exporter	SSAB Alabama Inc.		
Verification from	28 July 2021	**to**	5 August 2021
Investigation Period	1 January 2020	**to**	31 December 2020

CONTENTS

PREFACE

The Anti-Dumping Commission (commission) has undertaken verification of data provided by SSAB Alabama Inc., an exporter for investigation 578. This report details the evidence gathered and key findings from the verification of the data. This report has been prepared for publication on the electronic public record for investigation 578.

This report 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

SSAB Alabama Inc. (SSAB Alabama) is ultimately a 100% owned subsidiary of SSAB AB, a company incorporated in Sweden. SSAB AB is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Sweden, and it has a second listing on NASDAQ OMX in Helsinki, Finland.

1.2 Related parties

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

1.2.1 Related customers

All of the goods exported to Australia by SSAB Alabama in the investigation period were sold to a related party customer in Australia, SSAB Swedish Steel Pty Ltd.

On the domestic market, SSAB Alabama sold like goods in the investigation period to unrelated and related party customers.

1.2.2 Related suppliers

SSAB Alabama sub-contracted a related party to undertake certain aspects of the manufacturing process for the goods and like goods during the investigation period.

1.3 Accounting records

SSAB Alabama's financial statements were audited by Ernst & Young (EY) US. EY US is engaged to perform a full scope audit of the financial statements of SSAB Alabama, in connection with EY's audit of the consolidated financial statements of SSAB AB. EY US reports the results of the audit procedures on SSAB Alabama to EY Sweden who issues an opinion on the consolidated financial statements of SSAB AB.

The SSAB AB Annual report for 2020 states that, in the opinion of the auditor, the annual accounts have been prepared in accordance with the Swedish *Annual Accounts Act* and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the *Annual Accounts Act*. The consolidated accounts have been prepared in accordance with the *Annual Accounts Act* and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the *Annual Accounts Act*.

2 THE GOODS AND LIKE GOODS

2.1 Production process

The production process begins with scrap metal being converted into liquid steel in two electric arc furnaces. The liquid steel is refined in the ladle metallurgy furnace and transferred to the caster where the liquid steel solidifies and exits as slabs of steel. The hot steel slabs are rolled in the rolling mill to determine thickness and then go to the finishing mill for levelling, trimming and cutting. Steel plates are then processed in quenching lines by two methods of heat treatment, Quench and Tempering (gas heat/water cool) or Normalizing (gas heated/air cool). These heat treatment processes change the molecular structure of the steel making it harder and stronger. SSAB Alabama advised the verification team that SSAB's strict process control was instrumental in SSAB's manufacture of high quality strengthened steel plates. The steel plates can then be blasted and primed, if required.

2.2 Model Control Codes

SSAB Alabama 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. 2021/31.

2.2.1 Amendments to MCCs

The verification team examined the prices of goods exported to Australia and like goods sold domestically in the US to test which MCC categories, if not all, had an effect on unit prices. The verification team found that unit prices did not vary in a clear and consistent manner according to variations in the width or length. However, the verification team found that the process of 'blasting and priming' led to differences in cost and price.

Based on the pricing analysis, the verification team considers it necessary to make amendments to the MCC structure such that variations in width and length are not taken into account when comparing export prices and domestic prices. However, the verification team considers it is necessary to distinguish between products that are blasted and primed and products that are not, when comparing export prices and domestic prices.

No.	Exception	Resolution
1	The verification team's analysis of unit prices in export sales and domestic sales shows that (i) the MCC categories of width and length did NOT have a clear and consistent effect on unit prices in the investigation period; and (ii) blasting and priming incurs differences in cost and price.	The verification team has (i) disregarded the MCC categories of width and length; and (ii) introduced an MCC category to indicate whether or not the goods are blasted and primed – the last character of the MCC's reference in this report represents blasted and primed (B) or non-blasted and primed (N).

Table 1 Amendments to the MCCs

2.3 Verification of MCCs

Table 2 below provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Grade	The verification team identified grade on purchase orders, order confirmations, commercial invoices, packing lists, freight documents and accounting records
Tensile strength	The verification team identified tensile strength on purchase orders, order confirmations, commercial invoices and accounting records
Brinell hardness	The verification team identified Brinell hardness on purchase orders, order confirmations, commercial invoices and accounting records
Thickness	The verification team identified thickness on purchase orders, order confirmations, commercial invoices, packing lists, freight documents and accounting records
Blasted and primed	The verification team identified whether the goods was blasted and primed based on purchase orders, order confirmations, commercial invoices, packing lists, freight documents and accounting records

Table 2 MCC sub-category determination

2.4 The goods exported to Australia

The verification team was satisfied that SSAB Alabama produced and exported the goods to Australia. Specifically, SSAB Alabama exported the goods to Australia with the following MCCs during the investigation period:

MCCs exported to Australia
S-B---1-B
S-B---2-B
W---E-1-B
W---E-2-B
W---F-2-B

Table 3 MCCs exported to Australia

2.5 Like goods sold on the domestic market

The verification team was satisfied that SSAB Alabama 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, based on the following assessments:

- **Physical likeness:** The goods exported to Australia and the like goods sold domestically by SSAB Alabama have similar physical characteristics in terms of shape, dimensions, appearance and weight, and they have similar performance characteristics in terms of tensile strength and hardness.
- **Production likeness:** The goods exported to Australia and the like goods sold domestically by SSAB Alabama are produced at the same facilities, using the same raw material inputs and manufacturing processes.

- **Commercial likeness:** The goods exported to Australia and the like goods sold domestically by SSAB Alabama compete in similar market sectors, are interchangeable, and are sold in similar distribution channels.
- **Functional likeness:** The goods exported to Australia and the like goods sold domestically by SSAB Alabama are functionally alike, as they have similar end uses.

SSAB Alabama sold like goods on the domestic market with the following MCCs during the investigation period:

Domestic MCCs
A---C-1-B
A---C-1-N
A---C-2-N
A---F-1-B
A--F-1-N
A---F-2-B
A---F-2-N
S-A---2-B
S-A---2-N
S-A---3-N
S-B---1-B
S-B---1-N
S-B---2-B
S-B---2-N
S-B---3-B
S-B---3-N
S-D---1-B
S-D---1-N
S-D---2-B
S-D---2-N
W---D-1-N
W---D-2-B
W---D-2-N
W---D-3-N
W---E-1-B
W---E-1-N
W---E-2-B
W---E-2-N
W---E-3-B
W---E-3-N
W---F-1-B
W---F-1-N
W---F-2-B
W---F-2-N
W---F-3-B
W---F-3-N

Table 4 MCCs sold on the domestic market

2.6 Like goods – assessment

The verification team considers that the goods produced by SSAB Alabama 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 submitted in the REQ by reconciling these to audited financial statements in accordance with ADN No. 2016/30.

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

- examined the detailed sales journal
- reconciled the value of total sales through the trial balance and income statement to the audited financial statements
- reconciled the value and volume of all sub-categories of goods sold, including sales of subject goods, to the sales journal
- verified the value and volume of the domestic sales listing to the sales journal and
- verified the value of export sales of the goods directly to Australia to the sales journal.

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

3.1 Exceptions during verification of sales completeness and relevance

No.	Exception	Resolution
2	The verification team identified that a number of transactions in the domestic sales listing were categorised as non-prime sales. The verification team also noted that there were no non-prime sales listed in the Australian sales listing.	The verification team sought information from SSAB Alabama as to why these goods were classified as ‘non-prime’. Based on specifications received from SSAB Alabama the verification team determined that these non-prime goods had substantial technical deficiencies and cannot be considered as like goods. The verification team therefore did not include these sales in the normal value calculations and notes that the impact on doing so is immaterial due to the low volumes of non-prime sales.

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

3.2 Sales completeness and relevance finding

The verification team is satisfied that the sales data submitted by SSAB Alabama, including the amendments outlined in the exception table above, is complete and relevant.

4 VERIFICATION OF SALES ACCURACY

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

The verification team verified accuracy of the export and domestic sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN No. 2016/30.

The verification team identified certain issues during this process, which are outlined in the table below. 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	A small number of transactions in the domestic sales data appeared to have extraordinary unit values for direct selling expenses.	SSAB Alabama confirmed that certain direct selling expenses were reported incorrectly and it submitted revised sales data.
4	The verification team noted minor differences in sales value for two of the invoices in the Australian sales listing	SSAB Alabama confirmed that certain transaction values were reported incorrectly and submitted revised sales data
5	The verification team identified some discrepancies when comparing the stated payment terms in the Australian sales listing to actual payment terms.	SSAB Alabama calculated and provided receivable turnover days based on actual receivable balance and sales to Australian customer.
6	The verification team identified a number of transactions with exceptionally large unit inland transport charges	SSAB acknowledged that the identified line items were incorrect due to data input error. The company updated those line items with correct figures. For the remaining high unit transport charges line items, the company provided evidence and an explanation as to why the charges were higher than usual.

Table 6 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that the sales data submitted by SSAB Alabama, including the amendments outlined in the exception table 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 submitted 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:

- reconciled the company level costs of goods sold and costs of production through detailed cost accounts (including taking account of changes in finished goods inventory) to the trial balance and audited financial statements
- reconciled the cost items from the upwards sales worksheet provided at G-8 of the REQ to the cost reports from the cost accounting system
- reconciled production cost data reported by MCC at G-3 and G-5 of the REQ to SSAB Alabama's accounts and
- matched production quantities stated in the REQ to source production reports.

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

- examined the account listing reported at worksheet G-4 of SSAB Alabama's REQ
- ensured that all relevant SG&A expenses have been accounted for and allocated to the goods and like goods correctly, having regard to the income statement and trial balance for 2020.

The verification team identified one issue during this process, which is outlined in the table below. 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	SSAB Alabama's calculation of SG&A expenses did not include net financial income/expenses, net foreign exchange gains/losses and royalty expenses.	The verification team calculated net financial income/expenses, net foreign exchange gains/losses and royalty expenses for 2020 and allocated these to the domestic CTMS in the same manner as for SG&A expenses.

Table 7 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 submitted in the REQ by SSAB Alabama, including the amendment 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 submitted 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 8 Cost allocation method

below outlines the allocation method applied to each production cost item.

Cost item	Method applied
Raw Materials	Allocation based on input tons (and subsequently expressed in terms of output tons, thereby accounting for yield)
Labour	Allocation based on input tons (and subsequently expressed in terms of output tons, thereby accounting for yield)
Manufacturing Overheads	Allocated in certain proportions to caster and rolling mill and then allocated based on input tons (and subsequently expressed in terms of output tons, thereby accounting for yield)

Table 8 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 submitted 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

SSAB Alabama used a related party to undertake certain aspects of the manufacturing process for the goods and like goods during the investigation period. The verification team examined these costs and gathered evidence to support the calculations of such costs, which were included in the cost data submitted by SSAB Alabama in the REQ. The verification team found no evidence to suggest the cost items were not representative of competitive market costs.

6.4 Accuracy finding

The verification team is satisfied that the CTMS data submitted in the REQ by SSAB Alabama, including the amendment for net financial income/expenses, net foreign exchange gains/losses and royalty expenses (outlined as an exception in chapter 5 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 importer

The verification team considers SSAB Swedish Steel Pty Ltd to be the beneficial owner of the goods at the time of importation and therefore the importer because it:

- is named on the commercial invoice as the consignee
- is named on the purchase order as the party to bill and the party to ship to
- is named on the order acknowledgement as the party sold to
- is named on the shipping manifest as the consignee
- is named on the bill of lading as the consignee
- is named on the certificate of origin as the consignee.

Other relevant considerations regarding the importer of the goods were raised during the importer verification process.

7.2 The exporter

The verification team considers SSAB Alabama to be the exporter of the goods[2] because it:

- is the manufacturer of the goods and knows the goods are destined for Australia
- is named on the commercial invoice as the shipper
- is named on the shipping manifest as the shipper
- is named on the bill of lading as the shipper-exporter
- is named on the certificate of origin as the shipper
- arranged and paid for the inland transport to the port of export
- arranged and paid for the handling charges and other charges
- arranged and paid for the ocean freight and marine insurance.

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

7.3 Arms length

7.3.1 Related party customers

In respect of SSAB Alabama's export sales of the goods to its related customer in Australia, SSAB Swedish Steel Pty Ltd, during the investigation 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

[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.

- 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]

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:

- SSAB Alabama and SSAB Swedish Steel Pty Ltd are both ultimately wholly owned by SSAB AB
- SSAB Alabama was the exclusive supplier of the goods to SSAB Swedish Steel Pty Ltd in the investigation period
- SSAB Alabama's prices of the goods sold to SSAB Swedish Steel Pty Ltd were determined in accordance with the Organisation for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration 2017 as adopted by SSAB.

The verification team examined the particular methodology used by SSAB Alabama to determine prices for the goods sold to SSAB Swedish Steel Pty Ltd during the investigation period. The verification team considers that while the methodology may satisfy certain transfer pricing rules according to the OECD guidelines, it does not establish that the transactions were at arms length in accordance with section 269TAA. Rather, the verification team considers the methodology involved considerations influencing price that would not be taken into account, in the same manner, as would be the case in price negotiations between two unrelated entities.

The verification team therefore considers that export sales to Australia made by SSAB Alabama to SSAB Swedish Steel Pty Ltd during the investigation period were not arms length transactions, pursuant to section 269TAA(1)(b).[4]

7.4 Export price – assessment

In respect of Australian sales of the goods by SSAB Alabama, the verification team recommends that the export price cannot be determined under section 269TAB(1)(a). The verification team considers that the purchases of the goods by the importer were not arms length transactions. As the goods were subsequently sold by the importer in the condition that they were imported, the verification team recommends that the export price be determined under section 269TAB(1)(b), being the price at which the goods were so sold by the importer less the prescribed deductions.

Following the importer verification, the case team has determined the export price under section 269TAB(1)(b) and the calculations are at **Confidential Appendix 1A**.

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3 See section 269TAA(1)(c).

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

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 arms length transactions and in the ordinary course of trade (OCOT).

8.1 Arms length

8.1.1 Related party customers

In respect of SSAB Alabama's domestic sales of like goods to its related customers during the investigation 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.[5]

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:

- SSAB Alabama and its related party domestic customers are ultimately wholly owned by SSAB AB; and
- SSAB Alabama's prices of like goods sold to related party domestic customers in the investigation period were determined in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration 2017 as adopted by SSAB.

The verification team examined the particular methodologies used by SSAB Alabama to determine prices for like goods sold to related party domestic customers during the investigation period. The verification team considers that while the methodologies may satisfy certain transfer pricing rules according to the OECD guidelines, they do not establish that the transactions were arms length in accordance with section 269TAA. Rather, the verification team considers the methodologies involved considerations influencing price that were not taken into account, in the same manner, in price negotiations between SSAB Alabama and its unrelated customers of like goods.

The verification team therefore considers that SSAB Alabama's sales of like goods to its related party domestic customers during the investigation period were not arms length transactions, pursuant to section 269TAA(1)(b).[6]

[5] See section 269TAA(1)(c).

6 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.

8.1.2 Unrelated customers

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

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

The verification team therefore considers that all domestic sales made by SSAB Alabama to its unrelated domestic customers during the investigation 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 ordinary course of trade (OCOT) if arms length transactions are:

- unprofitable in substantial quantities over an extended period; and
- unlikely to be recoverable within a reasonable period.[7]

The verification team tested profitability by comparing the net invoice price against the relevant cost for each domestic sales transaction.

The team then tested whether the unprofitable sales were in substantial quantities (not less than 20 per cent) by comparing the volume of unprofitable sales to the total sales volume, for each MCC over the period.

The team tested recoverability by comparing the net invoice price 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 9 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

[7] In general, the commission will consider 'extended period' and 'reasonable period' to be the investigation, review or inquiry period.

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 model on the domestic market. Where the volume of domestic sales of an exported model is less than five per cent of the volume exported, the commission will consider whether a proper comparison 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.

In accordance with the commission's policy, specification adjustments are calculated to reflect the difference of the cost to make the export model and the cost to make the closest domestic model. The difference is uplifted for an amount of gross profit relating to domestic sales.

In respect of this profit for SSAB Alabama Inc. the verification team has excluded profits on sales of products that are not blasted and primed, as such products are not exported to Australia.

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?**	**Treatment of normal value**
S-B---1-B	N	There were no relevant sales in any of the quarters. The verification team used the normal value for domestic model S-B---1-N with specification adjustments to reflect the difference between the cost to make the exported model S-B---1-B and the cost to make the domestic model S-B---1-N. The difference in cost to make was uplifted by an amount for gross profit to reflect the market value expected from the production cost difference.
S-B---2-B	Y	Domestic sales of S-B---2-B used under section 269TAC(1).
W---E-1-B	N	There were no relevant sales in any of the quarters. The verification team used the normal value for W---E-2-N with specification adjustments to reflect the difference between the cost to make the exported model W---E-1-B and the cost to make the domestic model W---E-2-N. The difference in cost to make was uplifted by an amount for gross profit to reflect the market value expected from the production cost difference.
W---E-2-B	N	There were no relevant sales in any of the quarters. The verification team used the normal value for W---E-2-N with

		specification adjustments to reflect the difference between the cost to make the exported model W---E-2-B and the cost to make the domestic model W---E-2-N. The difference in cost to make was uplifted by an amount for gross profit to reflect the market value expected from the production cost difference.
W---F-2-B	Y	Domestic sales of W---F-2-B were used under section 269TAC(1), however there were certain quarters that did not have relevant domestic sales. The verification team made timing adjustments to the available prices for W---F-2-B to determine normal values for those quarters without relevant sales.

Table 8 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	SSAB Alabama provided credit terms to domestic customers that differed to the credit terms applying to its export sales to Australia.	The interest rate applied is based on SSAB Alabama's average borrowing rate for the investigation period. Payment days are calculated on the basis of quoted credit terms (number of days) for each unrelated domestic customer because the verification team found payments to be made in timeframes that were reasonably consistent with the quoted terms. The evidence to support this finding appears on the invoices and in the evidence of payment.	Y	Y
Domestic inland transport	SSAB Alabama incurred inland transport charges on certain sales to domestic customers.	Actual inland transport charges were provided by SSAB Alabama on a line by line basis. The weighted average unit cost for each shipment was calculated and applied to each line based on quantity. SSAB Alabama provided source documents to support the calculations of inland transport charges.	Y	Y
Domestic shipping costs	SSAB incurred various shipping costs for domestic sales	SSAB Alabama calculated a weighted average quarterly unit cost, based on actual costs, and applied this to the quantity for each line. SSAB Alabama provided source documents to support the calculations of	Y	N

		shipping costs. However, the costs were the same for domestic and export sales and therefore do not affect price comparison. An adjustment is not warranted.		
Export shipping costs	SSAB incurred various shipping charges for export sales to Australia	SSAB Alabama calculated a weighted average quarterly unit cost, based on actual costs, and applied this to the quantity for each line. SSAB Alabama provided source documents to support the calculations of shipping costs. However, the costs were the same for domestic and export sales and therefore do not affect price comparison. An adjustment is not warranted.	Y	N
Export inland transport	SSAB Alabama incurred inland transport charges to the US port for export sales to Australia.	Actual inland transport charges were provided by SSAB Alabama on a line by line basis. The weighted average unit cost for each shipment was calculated and applied to each line based on quantity. SSAB Alabama provided source documents to support the calculations of inland transport charges.	Y	Y
Export handling and other charges	SSAB Alabama incurred export handling and other charges for export sales to Australia.	Actual costs of handling and other charges were provided by SSAB Alabama on a line by line basis. The weighted average unit cost for each shipment was calculated and applied to each line based on quantity. SSAB Alabama provided source documents to support the calculations of export handling and other charges.	Y	Y

Export credit terms	SSAB Alabama provided credit terms to the Australian importer and these differed to the credit terms applying to its domestic sales.	The interest rate applied is based on SSAB Alabama's borrowing rate for the investigation period. The credit term (number of days) was determined with reference to the average accounts receivable turnover ratio for sales to the importer, based on sales and accounts receivable data for 2020. SSAB Alabama provided source documents to support the average credit term calculation.	Y	Y
Royalties	SSAB Alabama paid royalties in relation to sales of certain branded products. The verification team considered whether this would affect a comparison of export and domestic prices.	SSAB Alabama provided copies of royalty agreements and it identified the royalty charges in the Income statement. The sales data clearly identified branded products and enabled the verification team to consider unit prices for branded and unbranded products. There was no evidence to suggest royalties affected unit prices. The verification team considers an adjustment is not warranted.	N	N
Level of trade	SSAB Alabama sells like goods in its domestic market at both distributor and end user levels of trade, whilst all Australian sales are at distributor level of trade. SSAB Alabama claimed different pricing strategies are applied for the two levels of trade.	SSAB Alabama provided its price analysis for models sold to customers at different levels of trade within a particular quarter. The verification team performed its own pricing analysis and found that the price difference between the two levels of trade in the domestic market was not consistent. Given a lack of consistent price trend, the verification team found that an	N	N

		adjustment for level of trade is not warranted.		
Specification adjustment	In the cases of three exported MCC's, there were no relevant sales of corresponding MCC's in the domestic market. Normal values were based on other MCC's, which had different costs to make to that of each of the three exported MCC's.	Export prices for S-B---1-B were compared to normal values for S-B---1-N with specification adjustments for differences in cost to make. Export prices for W-E---1-B were compared to normal values for W---E-2-N with specification adjustments for differences in cost to make. Export prices for W-E---2-B were compared to normal values for W---E-2-N with specification adjustments for differences in cost to make. The differences in cost to make were uplifted by an amount for gross profit to reflect the market value expected from the production cost difference.	N	Y
Timing adjustment	In relation to one exported MCC, there were certain quarters that did not have relevant domestic sales. To use the domestic prices available for quarters where there were no relevant sales, adjustments were required for timing differences.	The verification team made timing adjustments to the available prices to determine normal values for those quarters without relevant sales. This was done by indexing the available prices in accordance with movements in price of a closely related MCC, with domestic sales in all four quarters.	N	Y

Table 9 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 costs
Export inland transport	Add an amount for export inland transport costs
Export handling and other charges	Add an amount for export handling and other charges
Export credit terms	Add an amount for export credit terms
Specification adjustment	Add amounts (for three MCC's) for price differences arising from differences in CTM between the relevant export MCC and the relevant domestic MCC.
Timing adjustment	Add or deduct amounts (for one MCC) for timing adjustments to the available prices to determine normal values for those quarters without relevant sales.

Table 10 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. The verification team is therefore not satisfied that there is an absence, or low volume, of sales relevant for the purpose of determining a price under section 269TAC(1).

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

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

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

11 DUMPING MARGIN

The dumping margin was assessed by comparing quarterly weighted average Australian export prices to the corresponding quarterly weighted average normal value for the investigation period under section 269TACB(2)(a).

The dumping margin for the goods exported to Australia by SSAB Alabama in the investigation period is **1.7 per cent**.

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

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 1A	Deductive 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