



Exporter Verification Report

Verification & Case Details

Initiation Date	22/03/2021	ADN:	ADN No 2021/41
Case Number	580		
The goods under consideration	Copper tube		
Case type	Dumping Investigation		
Exporter	Hailiang (Vietnam) Copper Manufacturing Co Ltd		
Location	Virtual verification		
Verification from	23/06/2021	to	29/06/2021
Investigation Period	1/01/2020	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

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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 (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

Hailiang (Vietnam) Copper Manufacturing Company Limited (Hailiang Vietnam) states it is engaged in the research and development, manufacturing and sales of various types of copper tube, alloy tube, copper ingot, and mother tube. Hailiang Vietnam is a producer of copper tube and sells the goods in the domestic market in Vietnam and in export markets (mainly the USA and Europe).

Hailiang Vietnam is owned 100% by Zhejiang Hailiang Co. Ltd., which in turn is majority owned by Zhejiang Group Co. Ltd.

Zhejiang Hailiang Co. Ltd., the parent company of Hailiang Vietnam, is listed on the Shenzhen stock exchange.

1.2 Related Parties

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

1.2.1 Related suppliers

The verification team found that some of Hailiang Vietnam's raw material purchases during the investigation period were from related party suppliers.

1.2.2 Related customers

In relation to the goods exported to Australia, the verification team found that all of the sales were made through a related party called Hong Kong Hailiang Metal Trading Limited (HK Hailiang). The verification team found that one Australian customer, Hailiang Copper Australia Pty Ltd (Hailiang Australia) was a related party. HK Hailiang and Hailiang Australia are also 100% owned by Zhejiang Hailiang Co. Ltd.

In relation to domestic sales of like goods, the verification team found that Hailiang Vietnam sold a small quantity to a related party.

1.3 Accounting records

Hailiang Vietnam's audited financial statements were audited by U&I Audit Group and includes a statement that the financial accounts comply with relevant provisions of the Vietnamese 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 the Socialist Republic of Vietnam.

2 THE GOODS AND LIKE GOODS

2.1 Production Process

Hailiang Vietnam outlined the production process stages as follows:

1. Preparing raw materials
2. Smelting raw materials
3. Cutting
4. Extrusion
5. Drawing/Rolling/Annealing
6. Cleaning
7. Crave marking/Annealing/Lagging
8. Packaging

2.2 Model Control Codes (MCCs)

Hailiang Vietnam provided sales 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. 2021/41. However, it presented the cost data with a modification to the MCC's, that being the omission of the "capping" category.

In its REQ, Hailiang Vietnam proposed the exclusion of the MCC category "capping" from the MCC structure. Hailiang Vietnam claimed that its production system recorded costs based on material codes that capture detailed product characteristics, but this detail does not indicate whether or not the goods were capped.

During the verification, Hailiang Vietnam provided details of the costs of the caps purchased in the investigation period. Hailiang Vietnam claimed that capping does not affect the unit price for sales of the goods to Australia or sales of like goods in the domestic market.

2.2.1 Amendments to MCCs

The verification team considered the cost of the caps relative to the production costs of the goods and like goods per kilogram and found the capping cost was immaterial. The verification team also examined the unit prices in sales of the goods and like goods and did not identify any price differences attributable to capping. On the basis of these findings, the verification team considers it necessary to amend the MCC structure to remove the category for capping.

No.	Exception	Resolution
1	Hailiang Vietnam submitted data that did not separately identify the costs of capping, because its SAP system does not record that information routinely and the cost of capping is small.	The verification team examined relevant cost and sales data and concluded the MCC category of capping has an immaterial effect on cost data and has no effect on price comparisons.

Table 1 Amendments to the MCCs

2.3 Verification of MCCs

Table 2 below provides details of the MCC and its sub-category structure. It also details how the MCC framework was determined and verified to source documents.

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Category	Determination of the sub-category
Standard	The verification team was able to verify the standard of the products in domestic and export sales listing having regard to relevant commercial sales documents and material codes in Hailiang Vietnam's records.
Temper	The verification team was able to verify the tempering of the products in domestic and export sales listing having regard to relevant commercial sales documents and material codes in Hailiang Vietnam's records.
Lagging	The verification team was able to verify whether the products were lagged or unlagged in domestic and export sales listing having regard to relevant commercial documents and material codes in Hailiang Vietnam's records.
Capping	The verification team has concluded above that the capping category should be removed from the MCC structure.
Form	Only straights are the goods as coils are annealed and annealed products are excluded in the goods description. The verification team was able to verify the form of the products in domestic and export sales listing having regard to relevant transaction narrations in Hailiang Vietnam's records.
Finned or internally grooved	The verification team was able to verify that all products were plain in the domestic and export sales listing having regard to the relevant commercial documents and material codes in Hailiang Vietnam's records.

Table 2 MCC sub-category determination

2.4 The goods exported to Australia

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

Exported MCC
P-B-U-U-S-P
P-H-U-C-S-P
P-H-U-U-S-P
R-B-U-C-S-P
R-H-U-C-S-P

In accordance with the MCC structure outlined in ADN 2021/41, the fourth character of the MCC's above pertains to whether or not the goods are capped. This is the MCC component that the verification team has removed for the purposes of Hailiang Vietnam, such that the goods exported have been categorised as follows:

Exported MCC
P-B-U-S-P
P-H-U-S-P
R-B-U-S-P
R-H-U-S-P

2.5 Like goods sold on the domestic market

The verification team was satisfied that Hailiang Vietnam 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:

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- **Physical likeness:** The exported and domestically sold goods are physically alike as evidenced from the physical dimensions specified in the commercial invoices and description of goods in the company's internal system.
- **Production likeness:** The process employed by Hailing Vietnam for production of the exported goods and the like goods sold domestically is identical.
- **Commercial likeness:** The goods sold domestically and in the export market are sold in similar market sectors and through similar distribution channels. While the exported goods are routed through Hong Kong based group entity and the domestic goods are sold directly to the customer, the goods target the same commercial ends.
- **Functionally alike:** the exported goods and goods sold domestically are functionally alike as they have similar end uses.

Hailing Vietnam sold like goods on the domestic market with the following MCC's during the investigation period:

Domestic MCC
R-B-U-C-S-P
R-B-U-U-S-P
R-H-U-C-S-P
R-H-U-U-S-P
R-S-U-C-S-P

In accordance with the MCC structure outlined in ADN 2021/41, the fourth character of the MCC's above pertains to whether or not the goods are capped. This is the MCC component that the verification team has removed for the purposes of Hailing Vietnam, such that the goods sold domestically have been categorised as follows:

Domestic MCC
R-B-U-S-P
R-H-U-S-P
R-S-U-S-P

2.6 Like goods – assessment

The verification team considers that the goods produced by Hailing Vietnam 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 by:

- having regard to the 2020 full year audited financial statement and trial balance for financial year 2020.
- examining the relevant sales journals in the financial records of Hailiang Vietnam.
- reconciling the value of total sales from the audited financial statements to detailed sales journal reports.
- reconciling the value and volume of all sub-categories of goods sold, including sales of subject goods, to the Hailiang Vietnam's sales journal.
- reconciling the value and volume of subject goods to the domestic and Australian sales listings.

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 submitted by Hailiang Vietnam is complete and relevant.

4 VERIFICATION OF SALES ACCURACY

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

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

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
2	In its original B-2 sales listing, Hailiang Vietnam recorded just one currency exchange rate each for USD and AUD for the duration of investigation period.	At the request of the verification team, Hailiang Vietnam provided currency exchange rates from its SAP system and also updated the currency rates in the B-2 sales listing.

Table 3 Exceptions during verification of accuracy of sales data

No.	Exception	Resolution
3	The B-2 export sales listing contained an error in the ocean freight value of one of the export sales.	Hailiang Vietnam provided evidence of the correct ocean freight amounts and it updated the B-2 sales listings accordingly.

Table 4 Exceptions during verification of accuracy of sales data

No.	Exception	Resolution
4	The verification team found that the actual payment terms in relation to the Australian export sales were not consistent with the quoted credit terms	Hailiang Vietnam provided calculations of the average number of days credit based on average receivable balances and sales values during the investigation period.

Table 5 Exceptions during verification of accuracy of sales data

No	Exception	Resolution
5	In its original response and B-2 listing, Hailiang Vietnam claimed there was no difference in packaging expenses between export sales and domestic sales. During the verification, Hailiang Vietnam confirmed the cost associated with wooden boxes, used only in some export and domestic sales, will lead to different packaging expenses.	Hailiang Vietnam provided evidence of the cost of wooden boxes and it updated the B-2 and D-2 sales listings to include columns showing transactions with 'wooden' box packaging and the cost of those wooden boxes.

Table 6 Exceptions during verification of accuracy of sales data

No.	Exception	Resolution
6	During the verification it became apparent that Hailiang Vietnam misclassified certain selling expenses in the domestic sales listings.	Hailiang Vietnam provided evidence to demonstrate the correct classifications and it corrected the selling expenses in an updated D-2 domestic sales listing.

Table 7 Exceptions during verification of accuracy of sales data

4.2 Sales accuracy finding

The verification team is satisfied that the sales data submitted by Hailiang Vietnam, 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 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 production cost data by:

- having regard to the 2020 full year audited financial statements and trial balance for financial year 2020.
- reconciling the company level costs of goods sold and cost of production to detailed cost accounts in the financial records of Hailiang Vietnam;
- reconciling the figures in the upwards sales worksheet provided by Hailiang Vietnam at G-8 of its REQ to the cost reports from SAP;
- matching the data in Hailiang Vietnam's accounts to the production cost data reported at G-3 and G-5 of its REQ.
- matching production quantities contained in the REQ to source production reports

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

- having regard to the 2020 full year audited financial statement and trial balance for financial year 2020;
- examining the account listing reported at worksheet G-4 of Hailiang Vietnam's REQ; and
- ensuring all relevant SG&A expenses have been accounted for and allocated to the goods and like goods correctly.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data submitted in the REQ by Hailiang Vietnam 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 calculate the cost information submitted in the REQ for each of 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 below outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials	Raw material costs are assigned to products as standard costs and based on actual usage during the various production stages. Variances from standard cost were allocated to goods on a volume basis.
Manufacturing Overheads (including depreciation)	Manufacturing overhead costs incurred in relation to the main cost centres were attributed directly to the relevant goods. Manufacturing overheads from the auxiliary cost centres were allocated to relevant goods on the basis of volume.
Labour	Labour costs incurred in relation to the main cost centres were attributed directly to the relevant products. Labour costs from the auxiliary cost centres were allocated to relevant goods on the basis of volume.

Table 9 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

The verification team established that Hailiang Vietnam purchased cathode copper from related parties and unrelated parties during the investigation period.

The verification team compared the unit prices of cathode copper purchased from the related suppliers and unrelated suppliers and it compared the terms and conditions of the respective sales contracts. There was no evidence to suggest the related party purchases were non

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arms length transactions. There was also no evidence to suggest the purchase prices in the related party purchases were unreasonable.

6.4 Accuracy finding

The verification team is satisfied that the CTMS data submitted in the REQ by Hailiang Vietnam is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

In relation to the goods exported by Hailiang Vietnam via HK Hailiang, the verification team considers the Australian customers to be the beneficial owners of the goods at the time of importation and therefore the importer on the basis that the customer:

- was named on the proforma invoice and commercial invoice as the customer;
- was named as the consignee on the packing list;
- was named as notify party on the bill of lading

7.2 The exporter

The verification team considers Hailiang Vietnam to be the exporter of the goods², as Hailiang Vietnam 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 (for CIF, DDU, DDP sales).

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

7.3 Arms length

7.3.1 Hailiang Vietnam transactions with HK Hailiang

In respect of Hailiang Vietnam's export sales of the goods to HK Hailiang, the verification team considers that the price of the goods was influenced by a commercial or other relationship between the buyer and the seller. Therefore, the verification team considers that the Hailiang Vietnam export sales of the goods to HK Hailiang were not arms length transactions.

7.3.2 HK Hailiang transactions with Hailiang Australia

In respect of HK Hailiang's sales of the goods to Hailiang Australia, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its 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.

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- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.³

The verification team compared HK Hailiang's unit prices to related and unrelated customers in Australia. This analysis did not suggest that prices were influenced by the relationship between HK Hailiang and Hailiang Australia.

The verification team therefore considers that HK Hailiang sales of the goods to Hailiang Australia were arms length transactions.

7.3.3 HK Hailiang transactions with unrelated Australian customers

In respect of HK Hailiang sales of the goods to its unrelated customers in Australia, the verification team found no evidence that:

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

The verification team therefore considers that HK Hailiang sales of the goods to its unrelated Australian customers were arms length transactions.

7.4 Export Price – assessment

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

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

³ Section 269TAA refers.

⁴ 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 Hailiang Vietnam's domestic sales of like goods to its related customer during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than 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; 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

The verification team compared the weighted average unit selling prices for like goods to one related domestic customer and the unrelated domestic customers. This pricing analysis did not suggest that prices were influenced by the relationship between Hailiang Vietnam and the related domestic customer.

Based on the above assessment, the verification team considers that all domestic sales of like goods made by Hailiang Vietnam to its related customer during the period were arms length transactions.

8.1.2 Unrelated customers

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

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

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

⁵ See section 269TAA(1)(c).

8.2 Ordinary course of trade

Section 269TAAD states that domestic sales of like goods are not in the OCOT if arms length transactions are:

- unprofitable in substantial quantities over an extended period; and
- unlikely to be recoverable within a reasonable period.⁶

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 investigation 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 for each MCC, including direct selling expenses for each transaction.
Weighted average cost	Weighted average cost to make and sell for each MCC over the investigation period, including direct selling expenses for each transaction.

Table 2 OCOT details

8.3 Volume of relevant sales

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

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

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

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

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

This analysis is detailed in the table below.

Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value
P-B-U-S-P	N	No domestic sales of 'P-B-U-S-P'. Surrogate model 'R-H-U-S-P' used under section 269TAC(1) with specification adjustment under section 269TAC(8). Verification team has used the model 'R-H-U-S-P' as the surrogate model as the other model with greater than 5% of domestic sales as a proportion of export volume, 'R-B-U-S-P', did not have sales in each quarter and therefore, multiple adjustments under section 269TAC(8) would be required.
P-H-U-S-P	N	No domestic sales of P-B-U-S-P. Surrogate model R-H-U-S-P used under section 269TAC(1) with specification adjustment under section 269TAC(8).
R-B-U-S-P	Y	Domestic sales of R-B-U-S-P used under 269TAC(1) with adjustment under section 269TAC(8) for timing differences, to account for export and domestic sales being made in different quarters.
R-H-U-S-P	Y	Domestic sales of R-B-U-S-P used under section 269TAC(1)

Table 3 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	Hailiang Vietnam provided credit terms to some of its domestic customers. Payment terms differ for domestic and export markets.	The interest rate applied is based on Hailiang Vietnam's average short term borrowing rate for the investigation period. Payment days are calculated on the basis of actual average credit terms calculated for each customer.	Yes	Yes
Domestic inland transport	Hailiang Vietnam incurs delivery costs on sales to all domestic buyers other than those that buy on EXW terms.	Actual delivery expenses have been provided by Hailiang Vietnam on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	Yes	Yes
Domestic Ocean freight and insurance fee	Hailiang Vietnam incurs ocean freight and insurance fee expenses on certain domestic sales.	Actual domestic ocean freight and insurance fee costs have been provided by Hailiang Vietnam on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	Yes	Yes
Domestic Handling & Other expenses	Hailiang Vietnam incurs handling and other expenses on its domestic sales.	Actual handling and other expenses have been provided by Hailiang Vietnam on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	Yes	Yes
Domestic packaging	Hailiang Vietnam incurs packaging costs for its domestic sales.	Actual packaging costs have been provided by Hailiang Vietnam on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	No	Yes
Export packaging	Hailiang Vietnam incurs packaging costs for its export sales.	Actual packaging expenses have been provided on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	No	Yes

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Export Handling & other charges	Hailiang Vietnam incurred export handling & other charges on its export sales.	Actual handling and other charges have been provided on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	Yes	Yes
Export inland transport	Hailiang Vietnam incurs inland transport expenses for export sales.	Actual export inland transport costs have been provided on a line by line basis. The WA unit cost for the shipment was calculated and applied based on actual quantity for each line.	Yes	Yes
Export credit terms	Hailiang Vietnam provides export credit terms to its Australian customers.	The interest rate applied is based on Hailiang Vietnam's average short term borrowing rate for the investigation period. Payment days are calculated on the basis of actual average credit terms calculated for each customer	Yes	Yes
Specification adjustment	In the case of two MCC's exported to Australia, there were no domestic sales of that MCC in the investigation period.	The normal value for surrogate model R-H-U-S-P was adjusted on the basis of the difference in unit costs to make between the surrogate model and the exported model. The difference in cost was marked up my gross profit to reflect a difference in price.	No	Yes
Timing adjustment	In the case of one MCC exported to Australia, there were domestic sales of that MCC in the investigation period but they were in a different quarter.	The normal value for the relevant MCC was adjusted for timing differences, to account for export and domestic sales being made in different quarters.	No	Yes

Table 4 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 Ocean Freight & Insurance fees	Deduct an amount for domestic ocean freight and insurance fees
Domestic Handling & Other expenses	Deduct an amount for domestic handling & other expenses
Domestic packaging	Deduct an amount for domestic packaging
Export packaging	Add an amount for export packaging

PUBLIC RECORD

Export Handling & Other charges	Add an amount for export handling & other charges
Export inland transport	Add an amount for export inland transport
Export credit terms	Add an amount for export credit terms
Specification differences	Add or deduct an amount for specification differences
Timing differences	Add an amount for timing differences

Table 5 Summary of adjustments

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

10 NORMAL VALUE

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

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

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

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

11 DUMPING MARGIN

The dumping margin was assessed by comparing 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 Hailiang Vietnam for the period is **negative 0.6 per cent**.

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

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Normal Value
Confidential Appendix 4	Dumping Margin
Confidential Attachment 1	Verification work program