



Exporter Verification Report

Verification & Case Details

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Case type	Continuation Inquiry		
Exporter	East Asia Aluminium Co Ltd		
Location	Virtual verification		
Verification from	30/11/2021	to	9/12/2021
Inquiry period	1/07/2020	to	30/06/2021

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

The Anti-Dumping Commission has undertaken verification of data provided by East Asia Aluminium Co Ltd for Continuation Inquiry 591. This report details the evidence gathered and the key findings from the verification of the data.

This report has been prepared for publication on the electronic public record for Continuation Inquiry 591.

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

East Asia Aluminium Company Ltd (EAA)² is a private limited company registered in the province of Hai Duong, Vietnam. The ownership of EAA resides with four individual shareholders holding equal shareholding in the company.

EAA's primary function is the production of aluminium extrusion products that cater to both domestic Vietnamese market as well as export markets in various countries, including Australia.

1.2 Related Parties

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

For the domestic market, the verification team found that EAA did not have any related party customers or suppliers of the goods during the inquiry period.

However, with regard to export sales, including those to Australia, EAA routed such sales through a related party company, Perfect Gateway Enterprises Ltd (PGE). EAA advised that it routed its export sales through PGE for tax considerations. EAA also advised that PGE is essentially a shell company registered in the Seychelles with no staff or office of its own. The verification team verified the details of PGE's registration as 'international business company' in the Seychelles.

The verification team found that EAA did not have any related party customers or suppliers during the inquiry period.

1.3 Accounting records

EAA's 2020 Financial Statement was audited by ATC Auditing and Valuation Firm and included a statement that the financial accounts comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Based on the above, the verification team considers that EAA kept its accounting records in accordance with the generally accepted accounting principles of Vietnam. The verification team considers that EAA's accounting records cover the total costs and revenue in relation to EAA's domestic sales.

However, in relation to the export sales, the verification team notes that it was only able to verify the 'processing fee' component of the cost incurred by the related party of EAA. The verification team was not able to verify if the related party incurred any selling costs that is not recorded in EAA's audited accounting records. EAA advised that the related entity is not required to maintain audited financial statements as per the regulations of the jurisdiction where the related party is registered. Hence the related party maintained no financial records of any costs and revenue during the inquiry period. The verification team was unable to determine if the related party incurred any costs during the course of acting as intermediary on behalf of EAA for all the export sales.

² EAA trades under the name Công ty TNHH Nhôm Đông Á" in the domestic market in Vietnam.

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No.	Exception	Resolution
1	EAA did not provide any financial records pertaining to the operations of its related party that acts as intermediary to export sales.	The verification team were unable to determine whether the related party's financial accounting were held in accordance with generally accepted accounting principles in the country of export or its country of residence, and if it incurred any selling expenses. However, the verification team verified that EAA incurred all the identified direct and indirect selling expense related to export sales.

Table 1 Financials of the related party

2 THE GOODS AND LIKE GOODS

2.1 Production Process

EAA’s production facility consists of a furnace and casting line that smelts aluminium ingots and billets. The melted aluminium is processed into the goods under consideration in extrusion lines using dies. The production facility also includes various lines for ageing, tempering and surface treatment. EAA provided its detailed production process chart through a confidential attachment to its response to the exporter questionnaire (REQ).

2.2 Model Control Codes (MCCs)

In its REQ, EAA provided sales and cost data in accordance with the mandatory categories and sub categories proposed in the model control code (MCC) structure detailed in Anti-Dumping Notice (ADN) No. 2021/119.

EAA provided its sales data by finish and alloy code. It did not provide details regarding tempering and anodising microns, noting that this was an optional category in ADN No. 2021/119 and EAA’s accounting system does not capture such detail.

EAA provided cost data by finish only. The categories relating to alloy code, temper code and anodising microns were optional in ADN No. 2021/119 and are not recorded in EAA’s cost accounting system.

2.2.1 Amendments to MCCs

EAA did not propose any amendment to the MCC structure proposed in ADN 2021/119. However, the verification team analysed the sales data and supporting evidence provided with EAA’s REQ and propose one change in relation to the MCC for EAA.

Based on analysis of the price comparability of the goods under consideration, the verification team considers it necessary to make amendments to the MCC structure.

No.	Exception	Resolution
2	The verification team found no clear evidence from pricing list that tempering had effect on pricing.	The verification team propose that the MCC category for temper code be removed.

Table 2 Amendment to the MCCs

2.3 Verification of MCCs

Table 3 MCC sub-category determination

The verification team queried EAA on the non-inclusion of optional MCC categories, such as ‘temper’ code and ‘anodising microns’ in its REQ. EAA advised that the ‘temper’ and ‘anodising microns’ do not impact EAA’s pricing decisions. It further advised that these ‘optional’ MCC categories are not captured in its cost system. The verification team analysed the domestic sales for any pricing variances on account of differing ‘temper’ codes. It found no pricing variances attributable to the ‘temper’ code within any ‘finish’.

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

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Category	Determination of the sub-category
Finish	Based on price lists, EAA recognises finish as a material price driver in setting its prices. EAA captures the information relating to finish in its accounting system and is evident on commercial documents such as sales contracts and invoices. The sub-categories relevant to EAA are anodised (A), mill (M) and powder-coated (PC) goods.
Alloy code	Based on price lists, EAA recognises alloy code as a material price driver in setting its prices. The alloy code is captured in EAA’s accounting system and is evident in commercial documents such as invoices for export sales and delivery notes for domestic sales.

Table 3 MCC sub-category determination

The verification team queried EAA on the non-inclusion of optional MCC categories, such as ‘temper’ code and ‘anodising microns’ in its REQ. EAA advised that the ‘temper’ and ‘anodising microns’ do not impact EAA’s pricing decisions. It further advised that these ‘optional’ MCC categories are not captured in its cost system. The verification team analysed the domestic sales for any pricing variances on account of differing ‘temper’ codes. It found no pricing variances attributable to the ‘temper’ code within any ‘finish’.

2.4 The goods exported to Australia

The verification team is satisfied that EAA produced and exported the goods to Australia. EAA exported the goods to Australia with the following MCCs during the inquiry period:

A-6A	M-6A	PC-6A
A-6B	M-6B	PC-6B
A-6C	M-6C	PC-6D
	M-6D	

Table 4 Exported MCCs

2.5 Like goods sold on the domestic market

The verification team is satisfied that EAA 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, because:

- **Physical likeness:** The goods exported to Australia and the like goods sold domestically by EAA have similar physical characteristics and look alike (noting the variations in the profiles of the final products based on different dies used to meet individual customer specifications);
- **Production likeness:** The goods exported to Australia and the like goods sold domestically by EAA 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 EAA compete in similar market sectors, are interchangeable, and are sold in similar distribution channels; and
- **Functional likeness:** The goods exported to Australia and the like goods sold domestically by EAA are functionally alike, as they have similar end uses.

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

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A-6A	M-6A	PC-6A
A-6D	M-6C	PC-6D
	M-6D	

Table 5 Domestic MCCs

2.6 Like goods – assessment

The verification team considers that the goods produced by EAA 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.

However, as previously noted in Section 1.3 of this report, the verification team was able to verify the completeness and relevance of sales revenue in relation to EAA only.

Revenue received by EAA

The verification team verified the relevance and completeness of the revenue received by EAA in the following manner:

- reconciling the domestic sales listing total revenue and EAA's proportion of the export sales listing revenue to EAA's general ledger accounts;
- reconciling EAA's general ledger accounts to EAA's trial balance; and
- reconciling EAA's trial balance and EAA's management reports to EAA's 2020 Financial Statements.

The verification team did not identify any issues during this process.

Revenue received by EAA's related party

The verification team were limited to testing the relevance and completeness of the export related revenue received by EAA's related party in the following manner:

- reconciling the export sales listing revenue of EAA's related party to management reports held by EAA;
- reconciling a sample of the export sales listing transactions to source documents; and
- reconciling the export sales listing to data from the Australian Border Force 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 submitted by EAA 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	In reviewing the Australian sales listing, EAA identified that PGE revenue reported for one of the export invoices is incorrect.	EAA provided a revised Australian sales listing with the correct related party revenue reported for the one particular invoice. The verification team reviewed the updated PGE's revenue amount and found it to reconcile to the internal sales report.
4	The verification team observed packaging costs were not separately shown in the Australian sales listings.	EAA provided a revised Australian sales listing recording packaging cost as a separate direct selling expense.
5	In reviewing the allocation of packaging cost in the Australian sales listing and domestic sales listing, the verification team found the allocation between domestic and Australian sales to be incorrect.	EAA provided a revised Australian sales listing with a revised allocation of packaging cost. The verification team in consultation with EAA revised the calculation and allocation of packaging cost.
6	The verification team observed packaging costs were not separately shown in the domestic sales listings.	EAA provided a revised domestic sales listing recording packaging cost as a separate direct selling expense.
7	In reviewing the allocation of packaging cost in the Australian sales listing and domestic sales listing, the verification team found the allocation between domestic and Australian sales to be incorrect.	EAA provided a revised domestic sales listing with a revised allocation of packaging cost. The verification team in consultation with EAA revised the calculation and allocation of packaging cost.
8	In reviewing the domestic sales listing, the verification team found payments terms were not recorded.	EAA provided a revised domestic sales listing with the payment terms according to each domestic customer and revised the credit cost based on each domestic customer's payment term.

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 EAA, 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 attempted to verify 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. However, as noted in section 1.3, the verification team was able to verify the costs details in relation to EAA only.

Cost of production incurred by EAA

The verification team verified the relevance and completeness of the costs of production incurred by EAA as follows:

- reconciling the domestic total cost of production and a proportion of the export cost of production to EAA's general ledger accounts and EAA's management reports (taking into account changes in work-in progress and inventory levels);
- reconciling EAA's general ledger reports and EAA's management accounts to EAA's trial balance; and
- reconciling EAA's management reports and EAA's trial balance to EAA's 2020 Financial Statements.

The verification team did not identify any issues during this process.

Cost of production incurred by EAA's related party

The verification team was limited to testing the relevance and completeness of the export related cost of production incurred by EAA's related party in the following manner:

- reconciling the export cost of production incurred by EAA's related party to management reports held by EAA;
- reconciling the export cost of production incurred by EAA's related party to other available information including source documents, and third party published raw material prices.

The verification team did not identify any issues during this process.

SG&A costs incurred by EAA

The verification team verified the relevance and completeness of EAA's SG&A data³ as follows:

- reconciling EAA's SG&A data to EAA's general ledger accounts and EAA's management reports;
- reconciling EAA's general ledger accounts and EAA's management reports to EAA's trial balance; and

³ The verification team are satisfied that there is no additional SG&A incurred by EAA's related party.

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- reconciling EAA's management reports and EAA's trial balance to EAA's 2020 Financial Statements.

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**.

SG&A costs incurred by EAA's related party, if any

EAA claimed that all SG&A expenses related to export sales are incurred by EAA and recorded in its financial statement. However, the verification team was unable to verify this claim due to its inability to verify the financial data of EAA's related party, as detailed in Section 1.3 of this report.

5.1 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data submitted by EAA in its REQ 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.

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

Cost item	Method applied
Raw Materials	EAA allocated aluminium raw material costs to all products, regardless of finish, based on production quantity. It also allocated other raw materials that specifically relate to 'finish' of the goods to the relevant MCC category (e.g. powder costs are allocated to powder-coated goods).
Scrap Allocation	The exporter allocated scrap offset to cost to make of all goods based on production quantity, regardless of finish.
Manufacturing Overheads (including Depreciation)	Manufacturing overheads are allocated to the goods based on the 'finish' of the goods, to factor in the additional costs incurred for a certain finish. For example, depreciation cost in relation to the anodising line is only allocated to anodised goods. Whereas, depreciation cost in relation to the extrusion line is allocated to mill, powder coated and anodised goods.
Labour	Labour costs are captured for each line or department (e.g. EAA's extrusion department, coating department and anodising department), and allocated to the relevant MCC category.
Variance	Not applicable

Table 7 Cost allocation method

The verification team did identify an issue 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**.

6.2 Exceptions during verification of CTMS allocation method

No.	Exception	Resolution
9	EAA allocated packaging costs equally to all goods sold, both in the domestic and export markets, even though there were clear differences in packaging for the two markets.	EAA revised the allocation of packaging costs to account for difference in packaging for goods sold in the domestic market and export market.
10	EAA's CTM listing for both Domestic and Australian sales were essentially half-yearly instead of quarterly.	EAA advised that its cost accounting system is only able to capture CTM data on half-yearly basis. The verification team considered the risk of any significant fluctuations in aluminium prices not flowing in through the OCOT analysis. After considering the EAA's actual aluminium purchase price trend during the inquiry period, the verification considers the risk of to be minimal. The verification team

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No.	Exception	Resolution
		decided to retain the half-yearly CTM for all its calculations.

Table 8 Exceptions during verification of CTMS allocation method

6.3 Verification of Accuracy of CTMS data

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

The verification team verified the accuracy of the CTMS information submitted in the REQ by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified one issue 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**.

6.4 Exceptions during verification of accuracy of CTMS data

No.	Exception	Resolution
11	EAA had classified bank charges incurred in the normal course of operation as domestic direct selling expenses.	EAA agreed to the verification team's suggestion to reclassify the expenses as SG&A expenses after it was unable to show direct linkages between the charges and domestic sales.

Table 9 Exception during verification of accuracy of CTMS data

6.5 Accuracy finding

The verification team is satisfied that the CTMS data submitted in the REQ by EAA, including any required amendments as outlined as an exception above, is accurate and reasonably reflect the costs associated with the production and sale of the goods under consideration.

7 EXPORT PRICE

7.1 The importers

The verification team considers EAA's Australian customers to be the beneficial owner of the goods at the time of importation and are therefore the importers as they:

- named on the commercial invoice as the customer
- named as the consignee on the bill of lading
- named as the customer in the delivery note
- named as the importer on the export declaration
- named as importer/consignee in the Certificate of origin
- declared as the importer on the importation declaration to ABF
- pays for all the importation charges
- arranges delivery from the port.

In relation to the goods exported by EAA 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 EAA to be the exporter of the goods⁴, as it is:

- the manufacturer of the goods
- named on the commercial invoice as the shipper/exporter
- named as consignor on the bill of lading
- named as shipper in the delivery note
- named as shipper/exporter in the packing list
- named as consignor in the certificate of origin
- 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
- is listed as supplier in the import declaration to the ABF.

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

7.3 Arms length

In respect of EAA's Australian sales of the goods to its unrelated customers (through its related party) 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

⁴ 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.⁵

The verification team therefore considers that all export sales made by EAA to its unrelated Australian customers (through its related party) during the inquiry period were arms length transactions.

7.4 Export Price – assessment

In respect of Australian sales of the goods by EAA, the verification team found that the importer has purchased the goods from the exporter through a related party of EAA and not directly from EAA, 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 determined as the free-on-board (FOB) price paid by the importer to EAA's related party.

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

⁵ 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

In respect of EAA’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 EAA to its domestic customers during the period were arm’s length transactions.

8.2 Ordinary course of trade

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

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

The verification team 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%) by comparing the volume of unprofitable sales to the total sales volume, for each MCC over the inquiry period.

The team tested recoverability by comparing the price at ex-works (EXW) 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 (ex-works)	Net invoice price, excluding direct selling expenses
Cost (ex-works)	Quarterly cost to make and sell, excluding direct selling expenses
Weighted average cost (ex-works)	Weighted average cost to make and sell over the inquiry period, excluding direct selling expenses.

Table 10 OCOT details

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

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 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 to use a surrogate domestic model 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
A-6A	Y	Selling price of A-6A
A-6B	N	EAA had no domestic sales of MCC 'A-6B' over the inquiry period. The verification team considered if the alloy premium/discount for '6B' from the price list can be applied to alloy price of '6A' for 'Anodised' finish. However in the absence of a clear price list highlighting such price differences, the verification team decided to use the actual realised price premium achieved for Australian customers during the inquiry period. Given the low quarterly volume for '6B' in Australian volume, the verification team recommends using the overall price difference observed for alloy '6B' over that of '6A' during the inquiry period.
A-6C	N	EAA had no domestic sales of MCC 'A-6C' over the inquiry period. The verification team considered if the alloy premium/discount for '6C' from the price list can be applied to alloy price of '6A'. However in the absence of a clear price list highlighting such price differences, the verification team decided to use the actual realised price premium achieved for Australian customers during the inquiry period. Given the low quarterly volume for '6C' in Australian volume, the verification team recommends using the overall price difference observed for alloy '6C' over that of '6A' during the inquiry period.

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Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value
M-6A	Y	Selling price of M-6A
M-6B	N	EAA had no domestic sales of MCC 'M-6B' over the inquiry period. The verification team considered if the alloy premium/discount for '6B' from the price list can be applied to alloy price of '6A' for 'Mill' finish. However in the absence of a clear price list highlighting such price differences, the verification team decided to use the actual realised price premium achieved for Australian customers during the inquiry period. Given the low quarterly volume for '6B' in Australian volume, the verification team recommends using the overall price difference observed for alloy '6B' over that of '6A' during the inquiry period.
M-6C	Y	EAA had domestic sales of MCC 'M-6C' only for certain quarter of the inquiry period. The verification team performed timing adjustment to derive normal value for quarters missing domestic sales.
M-6D	Y	EAA had domestic sales of MCC 'M-6D' only for certain quarter of the inquiry period. The verification team performed timing adjustment to derive normal value for quarters missing domestic sales.
PC-6A	Y	Selling price of PC-6A
PC-6B	N	EAA had no domestic sales of MCC 'PC-6B' during the inquiry period. The verification team considered if the alloy premium/discount for '6B' from the price list can be applied to alloy price of '6A' for 'Powder coated' finish. However in the absence of a clear price list highlighting such price differences, the verification team decided to use the actual realised price premium achieved for Australian customers during the inquiry period. Given the low quarterly volume for '6B' in Australian volume, the verification team recommends using the overall price difference observed for alloy '6B' over that of '6A' during the inquiry period.
PC-6D	Y	Selling price of PC-6D

Table 11 Domestic volumes

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

8.3.1 Level of trade

EAA's export sales of the goods to Australia were to unrelated importers, who were all wholesalers. However, EAA's domestic sales of like goods were to three different segments; distributors, end users and original equipment manufacturers (OEM).

EAA indicated it had distinct pricing strategies for various levels of trade. Separate pricing lists for the various categories indicated distinct pricing strategy for different levels of trade.

The verification team analysed the realised pricing for various finishes to different levels of trade in the domestic market for each quarter of the inquiry period. This analysis, described in Confidential Attachment 1, found no clear and consistent price difference between the two

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sets of level of trade. Despite different pricing suggested by the price list, there was no consistent price premium for certain level of trade over the other.

Given the evidence available, including the price analysis as documented in the Confidential Attachment 1 to this report, the verification team considers that Level of trade adjustment is not required in the normal value assessment. This is in line with the Commission's current practice outlined in the *Dumping and Subsidy Manual*.

9 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at 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	Domestic customers made payments in regular instalments as demonstrated by proof of payment documents.	EAA calculated the average accounts receivable turnover ratio for each domestic customer (a method outlined in the Commission's <i>Dumping and Subsidy Manual</i>) and provided the accounts receivable opening and closing balances from the accounting system. An interest rate was applied in the calculation based on evidence EAA provided for a short-term deposit.	Y	Y
Domestic inland transport	EAA delivered certain domestic sales to customers and incurred a delivery cost.	From the EAA's verified cost data, the total cost incurred for domestic inland transport was determined. The total costs, consisting of components like truck depreciation, truck driver salary and other transport charges were verified and reconciled to the general ledger account. These costs were allocated to all non-EXW domestic sales based on volume of sales.	Y	Y
Domestic advertisement	EAA incurred certain advertisement expenditure in its domestic market that related only to domestic sales.	The verification team sought evidence from EAA linking the advertisement expenditure directly to the individual domestic sales invoices. EAA provided some evidences purporting to show said expenditure to domestic sales. However after careful evaluation the verification team has concluded that the	Y	N

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Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
		evidence is not sufficient to prove specificity of such advertisement expenditure to individual domestic sales invoices. Hence no adjustments were made in this regard. The details are in Confidential Attachment 2.		
Domestic packaging	EAA's packaging for domestic sales differs from that to export market. An adjustment was considered essential to factor in this difference in packaging cost.	The deduction adjustment for domestic packaging was determined from isolating the cost of packaging materials used for domestic sales from the general ledger. This amount was allocated to all the domestic sales on the basis of volume.	Y	Y
Domestic bank charges	EAA claimed an adjustment for domestic bank charges in the REQ. However the verification deemed that bank charges are not directly related to domestic sales.	Deemed that no adjustments for bank charges were required as the charges were not directly related to individual domestic sales transactions.	Y	N
Export packaging	EAA's packaging for export sales differed to that of domestic sales as additional materials such as palettes, trolley and wooden frames were used for export sales.	Adjustment for export packaging were determined by isolating export packaging materials from the materials listing in the general ledger. This export packaging material costs was allocated to only the total export sales volume.	N	Y
Export inland transport and other ancillary expenses	EAA incurred costs to transport the goods from its factory to the port of loading,	EAA calculated the weighted average costs and allocated to each export sale. EAA provided general ledger accounts to demonstrate the amounts.	Y	Y
Export credit terms	EAA provided Australian customers with varying credit terms.	The verification team calculated export credit amounts based on weighted average credit terms. The verification team used an appropriate interest rate given EAA's circumstances.	Y	Y
Specification adjustments for 'alloy'	Certain 'alloy' goods were only sold in the export market hence no domestic normal values were available for them.	For specification adjusting 'alloy' codes within a 'finish', the verification determined the normal value difference from the	N	Y – for certain MCCs only

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Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
		actual prices in the export market during the inquiry period.		
Timing adjustment	In relation to certain MCC/quarter combinations of the exported MCCs, there were no relevant corresponding domestic sales for the same quarter as the export sales, necessitating timing adjustment.	The verification team calculated normal values for these MCC's by indexing normal values for corresponding MCC's of other quarters during the inquiry period in accordance with movements in normal values of a closely related MCC.	N	Y – for certain MCCs only

Table 12 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 packaging
Export packaging	Add an amount for export packaging
Export inland transport	Add an amount for export inland transport
Export credit terms	Add an amount for export credit terms
Specification and timing	Add or deduct an amount for specification and timing

Table 13 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 weighted average Australian export prices to the corresponding quarterly weighted average normal value for the inquiry period under section 269TACB(2)(a).

The dumping margin for the goods exported to Australia by EAA for the period is **5.2%**.

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
Confidential Attachment 2	Confidential assessment on certain adjustment