



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Exporter verification report

Verification and case details

Initiation date	28 March 2022	ADN:	2022/029
Case number	601 (CON 601)		
The goods under consideration	Steel reinforcing bar		
Case type	Continuation Inquiry		
Exporter	Nervacero S.A.		
Location	Virtual		
Inquiry period	1 January 2021	to	31 December 2021

The Anti-Dumping Commission's case management team will review this report and its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

Contents

CONTENTS	2
PREFACE	3
1 COMPANY BACKGROUND.....	4
1.1 CORPORATE STRUCTURE AND OWNERSHIP	4
1.2 RELATED PARTIES	4
1.3 ACCOUNTING RECORDS	4
2 GOODS UNDER CONSIDERATION AND LIKE GOODS	5
2.1 PRODUCTION PROCESS	5
2.2 MODEL CONTROL CODES.....	5
2.3 VERIFICATION OF MCCS	5
2.4 THE GOODS EXPORTED TO AUSTRALIA AND LIKE GOODS SOLD ON THE DOMESTIC MARKET	5
2.5 LIST OF MCCS	6
2.6 LIKE GOODS – ASSESSMENT	7
3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE.....	8
3.1 SALES COMPLETENESS AND RELEVANCE FINDING	8
4 VERIFICATION OF SALES ACCURACY.....	9
4.1 EXCEPTIONS DURING VERIFICATION OF SALES ACCURACY.....	9
4.2 SALES ACCURACY FINDING	9
5 VERIFICATION OF COST TO MAKE AND SELL COMPLETENESS AND RELEVANCE	10
5.1 EXCEPTIONS DURING VERIFICATION OF COMPLETENESS AND RELEVANCE OF CTMS DATA	11
5.2 COMPLETENESS AND RELEVANCE FINDING OF CTMS DATA	11
6 VERIFICATION OF COST TO MAKE AND SELL ACCURACY	12
6.1 COST ALLOCATION METHOD.....	12
6.2 VERIFICATION OF ACCURACY OF CTMS DATA.....	12
6.3 RELATED PARTY SUPPLIERS	12
6.4 ACCURACY FINDING	13
7 EXPORT PRICE.....	14
7.1 THE IMPORTER.....	14
7.2 THE EXPORTER.....	14
7.3 ARMS LENGTH ASSESSMENT	14
7.4 EXPORT PRICE – ASSESSMENT	15
8 DOMESTIC SALES	16
8.1 ARMS LENGTH	16
8.2 ORDINARY COURSE OF TRADE.....	17
8.3 VOLUME OF RELEVANT SALES	17
9 ADJUSTMENTS.....	19
9.1 RATIONALE AND METHOD	19
9.2 ADJUSTMENTS.....	20
10 NORMAL VALUE	21
11 DUMPING MARGIN.....	22
12 APPENDICES AND ATTACHMENTS	23

Preface

The Anti-Dumping Commission (the commission) has verified data provided by Nervacero S.A. for Continuation Inquiry 601 (CON 601). This report details the evidence gathered and the key findings from the verification.

This report has been prepared for publication on the electronic public record for CON 601.

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 sections 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

Nervacero S.A. (Nervacero) is a private steel manufacturing company based in Spain that produces various steel products using electric arc furnaces, including steel reinforcing bar (rebar). It is part of the CELSA group of companies, which has companies located across Spain, Poland, the United Kingdom, France and the Nordic countries.

1.2 Related parties

The verification team examined the relationships between Nervacero and parties involved in the manufacture and sale of the goods under consideration (the goods).

1.2.1 Related suppliers

During the inquiry period, Nervacero purchased scrap steel, the main raw material input used in the manufacture of rebar, from one related supplier, as well as unrelated suppliers. Section 6.3 discusses this further.

1.2.2 Related customers

During the inquiry period, Nervacero sold like goods to one related domestic customer. It had no related Australian customers. Section 8.2.1 provides further information.

1.3 Accounting records

Nervacero was unable to provide an audited financial statement covering the inquiry period. Instead, it provided a provisional financial statement.

Nervacero provided an audited financial statement for 2020, audited by Ernst & Young. The 2020 financial statement included a statement that the accounts comply with the applicable regulatory framework for financial information in Spain and specifically, the accounting principles and criteria contained therein.²

Nervacero advised the verification team that its accounting practices have been consistent over the last 2 years. The verification team compared the 2020 audited statement with the provisional statement covering the inquiry period. Based on this comparison, it appeared to the verification team that the provisional statement was consistent with the 2020 statement, and had been prepared in accordance with Spanish requirements.

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

² The audit opinion includes a qualified opinion that Nervacero should reclassify a portion of the depreciation and amortization amounts recorded in prior years to impairment losses for the current year. The qualified opinion does not result in a change in net carrying amounts in the records, it relates to an item reclassification.

2 Goods under consideration and like goods

2.1 Production process

Nervacero produces both the goods and the like goods using the same process:

- Scrap steel is melted in an electric arc feeder furnace
- Liquid steel is transported to a continuous casting machine and used to produce steel billet
- Billets are transported to the rolling mill, which undergo reheating where reheated billets are progressively reduced in thickness and shaped into the final product, which is generally rebar, but can include wire rod.

2.2 Model control codes

Nervacero 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) 2022/29.

Nervacero provided sales and cost data in accordance with the MCC structure.

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

2.3 Verification of MCCs

Table 1 provides detail on how the MCC sub-categories were determined and verified to source documents.

Category	Determination of the sub-category
Prime	Nervacero only sold prime goods during the inquiry period.
Minimum yield strength	This was determined based on the grade (i.e. 500N) shown on the commercial invoices. Nervacero sold only MCC sub-category C goods during the inquiry period.
Finished form	Based on the description (i.e. in coils) shown on the commercial invoices.
Nominal diameter	Based on the diameter shown on the commercial invoices.
Length	Based on the length shown on the commercial invoices.
Deformation pattern along Length	Nervacero only sold non-threaded goods during the inquiry period.

Table 1 MCC sub-category determination

2.4 The goods exported to Australia and like goods sold on the domestic market

2.4.1 The goods exported to Australia

The verification team was satisfied that Nervacero produced and exported the goods to Australia.

PUBLIC RECORD

However, Nervacero only exported a small quantity of goods to Australia during the inquiry period, and it did not produce these exported goods in 2021. Nervacero produced these goods between 2017 and 2019.

Nervacero informed the verification team that it had produced and exported these goods to Australia to maintain accreditation with the Australasian Certification Authority for Reinforcing and Structural Steels (ACRS). Nervacero submitted to the verification team that the Commissioner of the Anti-Dumping Commission (the Commissioner) should not treat these sales as normal commercial sales of the goods.

2.4.2 Like goods sold on the domestic market

The verification team was satisfied that Nervacero sold like goods on the domestic market.

The verification team considers that the like goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as:

- Nervacero produces the exported goods and like goods sold on the domestic market in the same way, subject to individual customer specifications, and the costs of production are the same
- Nervacero produces domestic like goods and exported goods at the same facilities, using the same raw material inputs and manufacturing processes
- the goods and like goods compete in the same market sector, are interchangeable and use similar distribution channels
- the goods and like goods are considered functionally alike, as they have similar end uses.

2.5 List of MCCs

Nervacero sold and produced the following MCCs during the inquiry period:

Australian Sales	Domestic Sales	Costs
	P-C-C-A-C-N	P-C-C-A-C-N
P-C-C-B-C-N	P-C-C-B-C-N	P-C-C-B-C-N
	P-C-C-C-C-N	P-C-C-C-C-N
	P-C-S-A-1-N	P-C-S-A-1-N
	P-C-S-A-2-N	P-C-S-A-2-N
		P-C-S-A-3-N
	P-C-S-B-1-N	P-C-S-B-1-N
	P-C-S-B-2-N	P-C-S-B-2-N
	P-C-S-B-3-N	P-C-S-B-3-N
	P-C-S-C-1-N	P-C-S-C-1-N
	P-C-S-C-2-N	P-C-S-C-2-N
	P-C-S-C-3-N	P-C-S-C-3-N
	P-C-S-D-2-N	P-C-S-D-2-N
	P-C-S-D-3-N	P-C-S-D-3-N

Table 2 List of MCCs

2.6 Like goods – assessment

The verification team considers that the rebar produced by Nervacero 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

3.1 Background

The verification team conducts verification of relevance and completeness by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The verification team reconciles total sales value and quantity to management reports, with particular attention given to including all relevant transactions and excluding all irrelevant transactions. 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 provisional financial statements, in accordance with ADN 2016/30 (with the exception that ADN 2016/30 requires reconciliation to audited financial statements).

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

- Nervacero's sales revenue for the inquiry period listed in the provisional financial statements reconciled to total sales listed in the trial balance
- The trial balance reconciled to extracts from Nervacero's sales reporting system
- The sales reporting system reconciled to the domestic and export sales listing submitted in the REQ
- The volume of the relevant exports to Australia were reconciled to the Australian Border Force (ABF) import database. The verification team accepted an immaterial variance in the invoice value

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

3.2 Sales completeness and relevance finding

The verification team is satisfied that the sales data submitted by Nervacero is complete and relevant.

4 Verification of sales accuracy

4.1 Background

The verification team verifies the accuracy of data 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 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**.

4.2 Exceptions during verification of sales accuracy

Description	Resolution
Nervacero stated in its REQ that it provided credit terms of certain duration to its domestic customers. The verification term identified a small quantity of sales with credit terms longer than that stated in the REQ.	The verification team made no change to the domestic sales listing, as the verification team will deduct all domestic payment terms as part of the adjustments to the normal value. Chapter 9 provides further information.
Nervacero's domestic sales listing included a number of sales with payment terms which appeared to contain an error.	As only a minority of sales have payment terms with an error, the verification team has used weighted average credit term period from all other domestic sales.
The verification team identified a small number of transactions in the domestic sales listing with insufficient MCC data.	The verification team excluded these sales from the domestic sales listing.
The verification team identified a small number of transactions in the domestic sales listing with incorrect quarter information.	The verification team amended these sales to the correct quarter.
The verification team identified a small number of transactions in the domestic sales listing with a zero quantity value.	The verification team excluded these sales from the domestic sales listing.
The verification team identified a number of transactions with a negative quantity value and/or marked as returns.	The verification team excluded these sales from the domestic sales listing.

Exception 1: Exceptions during verification of accuracy of sales data

4.3 Sales accuracy finding

The verification team is satisfied that the sales data submitted by Nervacero, including any required amendments as outlined in Exception 1, 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 completeness and relevance

5.1 Background

The verification team conducts verification of relevance and completeness by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The verification team reconciles total cost to make data to the cost of production in the management reports with particular attention given to including all relevant costs and excluding all irrelevant costs. The verification team then reconciles cost of production data, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, the verification team reconciles selling, general and administrative (SG&A) expenses to income statements, with particular attention given to specific expenses that the company excluded or that the verification team should exclude.

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 provisional financial statements, in accordance with ADN 2016/30 (with the exception that ADN 2016/30 requires reconciliation to audited financial statements).

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

- Nervacero's costs listed in the provisional financial statements for the inquiry period, before interest and tax, reconciled to the cost of goods sold (COGS) in the upwards costs reconciliation worksheet, with a variance due to costs incurred unrelated to manufacturing
- The COGS value reconciled to the cost of production reported in Nervacero's production records, taking into account a change in finished goods inventory for the inquiry period. There was a minor variance to the COGS value, which the verification team considered immaterial
- Nervacero's recorded allocated its cost of production between 2 products, the goods and other products. Nervacero allocated the total costs for the goods between domestic and exported goods based on sales volumes. Noting that production costs are the same between domestic and exported goods, the verification team was satisfied with this allocation.

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

- The verification team reviewed verified the SG&A expenses in the investigation period to relevant accounts in the trial balance.

The verification team identified the 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**.

5.2 Exceptions during verification of completeness and relevance of CTMS data

Description	Resolution
The verification team identified a discrepancy between an account total used in the SG&A calculation and the total for the same account in the trial balance.	The verification team amended the account total in the SG&A calculation to match that in the trial balance. As Nervacero had not allocated the full amount of the account to SG&A, the verification then applied to same ratio used in the calculation to the revised account total.

Exception 2: Exceptions during verification of completeness and relevance of CTMS data

5.3 Completeness and relevance finding of CTMS data

The verification team is satisfied that the CTMS data submitted in the REQ by Nervacero, including any required amendments as outlined as an exception above, is complete and relevant.

6 Verification of cost to make and sell 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 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 3 outlines the allocation method applied to each major cost item.

Cost item	Method applied
Raw materials	Nervacero allocated raw material costs based on production quantity. The verification team verified the total value of the main raw material input to the trial balance.
Labour	Nervacero allocated labour costs on a monthly basis based on production quantity. This is consistent with the previous verification of Nervacero in <i>Continuation 418</i> . As the verification team was satisfied with the completeness and relevance of CTMS data, the verification team did not consider it necessary to further verify labour costs.
Manufacturing overheads	Nervacero allocated manufacturing overheads on a monthly basis based on production quantity. This is consistent with the previous verification of Nervacero in <i>Continuation 418</i> . As the verification team was satisfied with the completeness and relevance of CTMS data, the verification team did not consider it necessary to further verify manufacturing overheads.

Table 3 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 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

Nervacero purchased raw materials from a related party during the inquiry period.

The verification team compared the price paid by Nervacero per tonne of raw material supplied by its related supplier the price paid to other unrelated suppliers on a monthly basis.

PUBLIC RECORD

The verification team observed that prices paid to the related company were largely similar and sometimes higher than prices paid to unrelated companies for the inquiry period.

The verification team considers that the relationship between Nervacero and its related company supplier do not influence its purchases of raw materials.

6.4 Accuracy finding

The verification team is satisfied that the CTMS data submitted in the REQ by Nervacero, 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 Nervacero's Australian customer during the inquiry period to be the beneficial owner of the goods at the time of importation and therefore the importer as the importer:

- is named on the commercial invoice as the customer
- is named as the consignee on the bill of lading
- is 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 Nervacero to Australia, the verification team considers that the customer listed for each shipment was the beneficial owner of the goods at the time of importation, and therefore the importer of the goods.

7.2 The exporter

The verification team considers Nervacero to be the exporter of the goods,³ as Nervacero:

- is the manufacturer of the goods
- is named on the commercial invoice as the supplier
- is 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
- arranges and pays for the ocean freight.

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

7.3 Arms length assessment

In respect of Nervacero's Australian sales of the goods (which are to an unrelated customer) during the inquiry period, the verification team found no evidence that:

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

³ The commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

PUBLIC RECORD

- the 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
- 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 all export sales made by Nervacero to its unrelated Australian customer during the inquiry period were arms length transactions.

7.4 Export price – assessment

In respect of Australian sales of the goods by Nervacero, the verification team recommends that the export price be determined under section 269TAB(1)(a), being the price paid by the importer to the exporter less transport and other costs arising after exportation.

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

⁴ Section 269TAA refers.

8 Domestic sales

8.1 Legislative framework

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).

8.2 Arms length

8.2.1 Related party customers

In respect of Nervacero's domestic sales of like goods to its related customer during the inquiry period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price
- 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 a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller appeared to influence the price because:

- Nervacero and its related customer are ultimately wholly owned by the same parties.
- Prices between Nervacero and its related customer are consistency less than prices offered to Nervacero's unrelated customers throughout the inquiry period.

The verification team therefore considers that domestic sales made by Nervacero to its related customer during the inquiry period were not arms length transactions, pursuant to section 269TAA(1)(b).⁶

8.2.2 Unrelated customers

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

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

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.

- 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 Nervacero to its unrelated domestic customers during the inquiry period were arm’s length transactions.

8.3 Ordinary course of trade

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

- unprofitable in substantial quantities over an extended period
- 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%) 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 net invoice price against the relevant weighted average cost over the inquiry 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 inquiry period, including direct selling expenses for each transaction.

Table 4 OCOT details

8.4 Volume of relevant sales

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. An exporter’s domestic sales of like goods are taken to be in a low volume where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than 5% of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

⁷ In general, the commission will consider ‘extended period’ and ‘reasonable period’ to be the investigation, review or inquiry period.

PUBLIC RECORD

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 it can make a proper comparison at the MCC level. In these situations, the commission may consider whether it should use a surrogate domestic model to calculate normal value for the exported model.

Table 5 details this analysis.

Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value
P-C-C-B-C-N	Yes	Domestic sales of P-C-C-B-C-N sold in the OCOT

Table 5 Domestic volumes

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

9 Adjustments

9.1 Background

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.

9.2 Rationale and method

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
Domestic credit terms	Payment terms differ for domestic and export sales.	The verification team has calculated the credit cost as equal to Gross invoice value x Interest rate x Payment days/365, with an interest rate calculated at the relevant monthly Euribor rate, plus a percentage equal to the average credit rate range used Nervacero.	No	Yes
Domestic inland transport	Nervacero typically delivers the goods to its customers by truck, though some sales are EXW.	Delivery is included in the cost. The verification team adjusted the normal value by deducting the delivery cost reported for each consignment in Nervacero's domestic sales listing.	No	Yes
Export inland transport	Delivery terms for Australian sales are CPT, and include delivery to the departure port.	Nervacero reported a unit cost for inland transport of exported goods.	No	Yes
Export credit terms	Payment terms differ for domestic and export sales.	The verification team has calculated the credit cost as equal to Gross invoice value x Interest rate x Payment days/365, with an interest rate calculated at the relevant monthly Euribor rate, plus a percentage equal to the average credit rate range used Nervacero.	No	Yes
Uncommercial sales	Nervacero submitted that the Commissioner should not treat exports to Australia made during the inquiry period as normal commercial sales because Nervacero exported	The verification team has not made this adjustment as Nervacero has not quantified what form this adjustment would take or provided a method for determining such an adjustment.	Yes	No

PUBLIC RECORD

Adjustment type	Assessment for adjustment	Calculation method and evidence	Claimed in REQ?	Adjustment required?
	the goods to maintain ACRS accreditation.			

Table 6 Assessment of adjustments

9.3 Adjustments

The verification team considers the following adjustments 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
Export inland transport	Add an amount for export inland transport
Export credit terms	Add an amount for export credit terms

Table 7 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).

In using domestic sales as a basis for normal value, the verification team considers that certain adjustments, in accordance with section 269TAC(8), are necessary to ensure that differences between the normal value of goods exported to Australia and the export price of the exported goods would not affect comparison of domestic prices with export prices, as outlined in chapter 9.

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

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 Nervacero for the inquiry period is **33.5%**

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

The Commissioner will consider Nervacero's submission regarding the treatment of its export sales (as discussed in section 2.4) and the relevance of the dumping margin to the Commissioner's recommendations to the Minister in the Statement of Essential Facts.

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