



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**

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**REVIEW 352**

**APPLICATION FOR A REVIEW OF ANTI-DUMPING MEASURES**  
**DEEP DRAWN STAINLESS STEEL SINKS EXPORTED TO**  
**AUSTRALIA FROM THE PEOPLE'S REPUBLIC OF CHINA**

**VERIFICATION VISIT REPORT - IMPORTER**

**MILENA AUSTRALIA PTY LTD**

**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**

**July 2016**

# PUBLIC RECORD

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## **1 BACKGROUND**

### **1.1 Background**

On 16 May 2016, the Anti-Dumping Commission (ADC) published Anti-Dumping Notice (ADN) No. 2016/53 on the Anti-Dumping Commission's (the Commission) website ([www.adcommission.gov.au](http://www.adcommission.gov.au)) initiating a review of the dumping duty and countervailing notice applying to deep drawn stainless steel sinks exported to Australia from the People's Republic of China (China) by Shengzhou Chunyi Electrical Appliances Co. Ltd. (SCEA).

The application is based on an alleged change in the variable factors; being the normal value and export price (a variable factors review). The applicant Milena Australia Pty Ltd (Milena) imports exclusively from SCEA and is seeking a review of the anti-dumping measures as they apply to SCEA. Exports from SCEA are currently subject to the uncooperative rate of 52.6% (ad valorem duty method).

The background relating to the initiation of the inquiry is contained in CON 352.<sup>1</sup>

Following the initiation, the Commission wrote to Milena inviting it to cooperate with the inquiry. Milena cooperated with the inquiry and completed an importer questionnaire response (IQR) and relevant attachments for the review period 1 April 2015 to 31 March 2016 (the review period).

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<sup>1</sup> Accessible at [www.adcommission.gov.au](http://www.adcommission.gov.au)

## **2 VERIFICATION OF IMPORTS**

### **2.1 The goods**

Milena confirmed that it imported deep drawn stainless steel sinks during the review period.

### **2.2 Ownership of Milena**

Milena is a proprietary company limited by shares (75% owned by Venture Services Pty Ltd (Venture) and 25% owned by Robert van der Riet, who is the Managing Director of Milena).

### **2.3 Role of Austmate International Pty Ltd in the sales process**

Austmate International Pty Ltd (Austmate) was described as SCEA's local representative in Australia. Its role is to act as an intermediary between Milena and SCEA. It arranges transportation of the goods between SCEA and Milena and conducts price negotiations on behalf of SCEA.

### **2.4 Import and distribution functions**

Milena's functions include the importation and distribution of deep drawn stainless steel sinks, specifically laundry tubs, into the Australian market. The company undertakes 'value-adding' by assembling these products with cabinets the components for which during the review period were manufactured (under contract) by Venture at Keysborough.

Milena exclusively imports from one Chinese supplier, SCEA, through Austmate. There were only three shipments for the review period and Milena holds several months' stock.

Milena has three operational sites:

1. Coolum, QLD  
Consisting of an office and warehouse where daily despatch occurs. Day to day records are processed and paper records of transactions are stored at this site.
2. Keysborough, VIC  
Manufacturing of components by Venture occurs at this site.
3. Dandenong, VIC  
Component stock is stored, assembly takes place and daily despatch for VIC and NSW occurs from this site.

### **2.5 Verification of import listing**

Milena confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of its imports of deep drawn stainless steel sinks over the review period.

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The verification team calculated the weighted average FOB export price by supplier and this is attached at **Confidential Appendix 1**.

### **2.6 Verification of importation costs**

The Commission selected the three shipments that were made during the review period from the ABF import database to examine in further detail. The verification team was provided with source documents for the costs associated with the import of deep drawn stainless steel sinks for the selected shipments. The verification team verified the accuracy of Milena's imports by reconciling selected imports to the source documents in accordance with ADN 2016/30.

The verification team verified the shipments to source data and only minor changes have been made to the cost to import and sell. The verified data is attached at **Confidential Appendix 1**.

### **2.7 Bank charges**

Milena indicated this is an internal charge that includes a foreign exchange (swift) fee, cost of preparing payment and cost of facility.

### **2.8 Marine Insurance**

Milena advised that it has a business insurance policy that includes public liability and 'goods in transit'. This cost is included in its selling, general and administration costs (SG&A).

The verification team was satisfied that marine insurance costs included in the cost to import and sell were complete and accurate.

### **2.9 Delivery charges**

In the cost to import and sell spreadsheet Milena provided a delivery charge. Milena indicated that the charge is split into two costs:

- (1) FCL lift off chassis (clear container and transport to Milena)
- (2) Fuel surcharge.

The verification team was satisfied that delivery costs included in the cost to import and sell were complete and accurate.

### **2.10 Customs entry fees, customs broker fees and port service charges**

The verification team verified customs entry fees and port service charges to source documents supplied by Milena. They included terminal handling, import clearance, cargo management re-engineering and import customs certification fees.

A minor adjustment was required to be made in respect of the customs entry fee for one shipment.

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### **2.11 Selling, general and admin costs**

Milena allocated an amount for SG&A costs for every shipment on the cost to import and sell spreadsheet on the basis of revenue. Milena included all component costs to make a laundry cabinet and labour costs to assemble the cabinets were included in SG&A. The verification team were satisfied that all of the costs involved with the manufacture and sale of the cabinets were included in the cost to import and sell spreadsheet.

The verification team was satisfied that SG&A costs included in the cost to import and sell were reasonable.

### **2.12 Forward orders**

The verification team verified Milena's forward orders by reconciling forward orders in the importer questionnaire to purchase orders supplied by Milena.

### **2.13 The importer**

The verification team considers Milena to be the beneficial owner of the goods at the time of importation and therefore the importer.

### **2.14 The exporter**

Subject to further inquiries the verification team considers that Milena's supplier, SCEA, is the exporter of the goods as it is the principal in the country of export, which manufactured the goods, knowingly sent the goods for export to Milena and is named on the bill of lading as the supplier of the goods.

## **3 VERIFICATION OF AUSTRALIAN SALES**

### **3.1 Verification of sales to audited financial statements**

The verification team sought to verify the completeness and relevance of the sales spreadsheet provided by Milena by reconciling it to its audited financial accounts in accordance with ADN 2016/30.

Details of the verification are contained within the verification work plan as **Confidential Attachment 1**. Management accounts are in “Management accounts” tab at **Confidential Appendix 1**.

#### **3.1.1 Verification of sales to source documents**

The verification team verified the accuracy of the sales listing by reconciling eight selected transactions to source documents in accordance with ADN 2016/30.

#### **3.1.2 Rebates and discounts**

The overall figure for rebates was not able to be conclusively verified against the financial statement for 2015 and the draft financial statement for 2016 owing to a change in the way that the accounting system records rebates. However, selected rebates were able to be verified upwards in the accounting system.

Rebates and discounts are provided to customers. Both rebates and discounts are deducted from the invoice amount. Selected rebates were reconciled by the verification team to source documents. Sample sales invoices were provided with proof of payment that confirmed that the invoiced prices, less rebates and discounts, were the prices paid.

### **3.2 Profitability of sales**

The verification team noted that the imported goods are effectively consumed by Milena in the production of its laundry cabinets and so was unable to calculate the profitability of the goods imported in the three shipments received during the period.

Instead, the verification team calculated the profitability of the selected shipments of stainless steel sinks based on the average selling price of the processed version of the goods (the laundry cabinets).

The verification team noted that profitability of Milena’s laundry cabinets will be affected by the assessment of Milena’s final duty liability on its sink imports. The profitability assessment is included at **Confidential Appendix 1**.

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### **3.3 Arms-length**

Milena advised that it has no relationship with its supplier of deep drawn stainless steel sinks. Milena further stated that it does not receive any reimbursement, rebates or other support from its supplier in respect of the goods. It also advised that the invoice price was the price paid to its supplier's agent, which was verified as accurate during the verification visit.

The verification team did not find any evidence that, in respect of the purchase of deep drawn stainless steel sinks:

- there was any consideration payable for, or in respect of, the goods other than price;
- the price was influenced by a commercial or other relationship between, or an associate of, and its supplier or an associate of the supplier; and/or
- Milena, or an associate of Milena, was 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 is therefore satisfied that transactions between Milena and its supplier, SCEA, are at arms-length in terms of section 269TAA.



## **4 RECOMMENDATIONS**

The verification team are of the opinion that, for the goods imported by Milena from SCEA, the goods have been exported to Australia otherwise than by the importer. However, because an intermediary is the vendor directly dealing with Milena in Australia, the export price cannot be assessed under s.269TAB(1)(a) as there has been no purchase by Milena from SCEA.

The verification team therefore recommends the export price for the goods imported by Milena from SCEA be established under s.269TAB(1)(c) of the *Customs Act 1901*, having regard to all the circumstances of the exportation.

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### 5 ATTACHMENTS

<b>Confidential Appendix 1</b>	Cost to import and sell verification data Management accounts
<b>Confidential Attachment 1</b>	Verification Work Plan