



REVIEWS OF MEASURES 456 and 457

**REVIEW OF ANTI-DUMPING MEASURES APPLYING TO
CERTAIN ZINC COATED (GALVANISED) STEEL
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA, THE
REPUBLIC OF KOREA AND TAIWAN**

AND

**CERTAIN ALUMINIUM ZINC COATED STEEL
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA AND
THE REPUBLIC OF KOREA**

VERIFICATION VISIT REPORT - IMPORTER

CITIC AUSTRALIA STEEL PRODUCTS 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

PUBLIC RECORD

CONTENTS

CONTENTS	2
1 BACKGROUND	3
2 AUSTRALIAN SALES	4
2.1 VERIFICATION OF SALES TO AUDITED FINANCIAL STATEMENTS.....	4
2.2 VERIFICATION OF SALES TO SOURCE DOCUMENTS	4
2.3 RELATED PARTY CUSTOMERS	4
3 IMPORTS	5
3.1 THE GOODS	5
3.2 VERIFICATION OF IMPORTATION AND SELLING COSTS	5
3.3 IMPORT LISTING.....	6
3.4 FORWARD ORDERS	6
3.5 THE IMPORTER	6
3.6 THE EXPORTER	6
3.7 PROFITABILITY OF SALES	6
3.8 RELATED PARTY SUPPLIERS.....	6
3.9 ARMS LENGTH.....	7
4 RECOMMENDATIONS	8
5 ATTACHMENTS	9

1 BACKGROUND

On 6 October 2017, applications were lodged by BlueScope Steel Limited (BlueScope) requesting inquiries into the continuation of anti-dumping measures in relation to the following goods:

- Zinc coated (galvanised) steel (galvanised steel) exported to Australia from the People's Republic of China (China), the Republic of Korea (Korea) and Taiwan; and
- Aluminium zinc coated steel exported to Australia from China and Korea.

On 10 November 2017, public notifications of the initiation of the inquiries were made on the Anti-Dumping Commission's (the Commission's) website in Anti-Dumping Notice No. 2017/158 and 2017/159. The background relating to the initiation of the inquiries is also contained in those notices.

On this day the Commission also initiated a review of the anti-dumping measures applying to certain galvanised steel and aluminium zinc coated steel exported to Australia from China and Korea. The review was initiated after a request was made by the then Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science to review the dumping and countervailing measures as they affect exporters of galvanised steel and aluminium zinc coated steel from China and Korea.

Public notifications of the initiation of the reviews were made on the Commission's website in Anti-Dumping Notice No. 2017/156 and 2017/157. The background relating to the initiation of the reviews is also contained in those notices.

The review period is 1 October 2016 to 30 September 2017.

Following the initiation of the inquiry and review, the Commission wrote to CITIC Australia Steel Products Pty Ltd (CITIC), an importer of the goods, inviting CITIC to cooperate. CITIC cooperated and completed the importer questionnaire and relevant attachments.

The verification was conducted at CITIC's Melbourne office.

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

The verification team verified the completeness and relevance of CITIC's sales listing by reconciling it to audited financial statements in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

The verification team identified one issue that related to the omission of certain product widths. The verification team did not identify any other issues.

2.1.1 Product width

In verifying the galvanised steel sales listing up to audited financial statements, the verification team observed that CITIC had erroneously omitted sales of galvanised steel that were less than 600mm in width, even though these products meet the goods description. Following the visit team's request, CITIC provided a revised sales listing that included these galvanised steel with a width less than 600mm. The verification team were satisfied that the sales listing provided was complete and relevant following this amendment.

2.2 Verification of sales to source documents

The verification team verified the accuracy of CITIC's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

With the exception of one error in relation to a steel grade, the verification team did not find any issues with the verification of the sales listings to source documents.

2.2.1 Steel grade

The visit team observed that in the galvanised steel sales listing, one transaction included a product with an erroneous steel grade description. CITIC confirmed this error and corrected it in a revised sales listing. The verification team were satisfied that this was an isolated error and consider the amended sales data accurate.

2.3 Related party customers

The verification team did not find evidence that CITIC is related to any of its customers during the review period.

3 IMPORTS

3.1 The goods

CITIC confirmed that it imported the goods from China and Taiwan during the review period, which match the description of the goods that are the subject of this application.

3.2 Verification of importation and selling costs

The verification team verified the accuracy of the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN 2016/30.

The verification team identified that a number of expenses were allocated on the basis of weight, rather than sales revenue, including selling general and administrative expenses (SG&A), marine insurance and bank charges. Further, the verification team observed that general customs duty had not been allocated as a cost to relevant shipments. The verification team also identified some minor inconsistencies, including issues relating to gross weight and an invoice date.

The verification team did not find any other issues with the verification of the import listing to source documents.

Details of the verification are contained within the verification work program at **Confidential Attachment 1**.

3.2.1 Selling, general and administrative expenses, marine insurance, and bank charges

The verification team considered that the preferable approach to allocating selling, general and administrative (SG&A), marine insurance, and bank expenses to each selected shipment is on the basis of sales revenue, rather than weight. As such, the verification team revised each expense and have allocated the percentages to each selected shipment on the basis of its sales revenue to the Australian customer.

3.2.2 General customs duty

The verification team observed that general customs duty was not listed as an expense to the selected shipments. The verification team revised the import listing to include general customs duty as a direct cost for the relevant shipments.

3.2.3 Gross weight

The verification team noted that the allocation of importation costs allocated the total value of some cost items to the goods, rather than a proportion that the goods represented of the total customs entry. This resulted in an over allocation of Customs entry fee, broker fee and quarantine charges to the goods. The verification team amended the allocation of these fees accordingly.

PUBLIC RECORD

3.2.4 Invoice date

The verification team observed that the invoice date of one shipment of galvanised steel was inconsistent with the commercial invoice. The verification team revised the invoice date to match the commercial invoice and notes that the revision does not impact on the visit team's assessment of the selected shipment.

3.3 Import listing

CITIC confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete and relevant list of imports of the goods over the review period. The list of imports is at **Confidential Appendix 1**.

3.4 Forward orders

The verification team received a listing of CITIC's forward orders in the importer questionnaire response. The list of forward orders is at **Confidential Appendix 2**.

3.5 The importer

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

3.6 The exporter

The goods were imported to Australia by CITIC, through a trading entity based in Hong Kong called Asiazone Co., Ltd, which has a common shareholder with the manufacturers, Yieh Phui Enterprise Co., Ltd in Taiwan and Yieh Phui (China) Technomaterial Co. in China.

Subject to further inquiries, the verification team considers that Yieh Phui Enterprise Co., Ltd and Yieh Phui (China) Technomaterial Co. to be the exporters of the goods.¹

3.7 Profitability of sales

The verification team calculated the profitability for the 20 selected shipments of galvanised steel and aluminium zinc coated steel. Based on these selected transactions, the verification team found that each shipment was profitable. Details are contained in **Confidential Appendix 3**.

3.8 Related party suppliers

The verification team did not find evidence to suggest that CITIC is related to any entity, being Asiazone Co., Ltd, Yieh Phui Enterprise Co., Ltd and Yieh Phui (China)

¹ 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

Technomaterial Co., involved in the supply of the goods exported from Taiwan during the review period.

3.9 Arms length

In respect of imports of the goods to Australia by CITIC during the review 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 was 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 received a benefit for, or in respect of, whole or any part of the price.

Therefore, subject to further inquiries, the verification team are satisfied that import transactions between CITIC and its suppliers are arms length transactions.

4 RECOMMENDATIONS

The verification team are of the opinion that for CITIC's imports of galvanised steel from Yieh Phui Enterprise Co., Ltd and Yieh Phui (China) Technomaterials Co., Ltd (both via AsiaZone Co., Ltd.), and of aluminium zinc coated steel from Yieh Phui (China) Technomaterials Co., Ltd (via AsiaZone Co., Ltd.) that:

- have been exported to Australia otherwise than by the importer;
- have not been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were arms length transactions; and
- the goods were sold by the importer in the condition in which they were imported, to a person who is not an associate of the importer.

In relation to these shipments, the verification team considers the export price cannot be determined under subsection 269TAB(1)(a) or subsection 269TAB(1)(b) of the *Customs Act 1901*, because the goods that have been exported to Australia were purchased by the importer from a third party, Asiazone Co., Ltd, that was not the exporter.

The verification team considers the export price can be determined under subsection 269TAB(1)(c), as the price that the Minister determines having regard to all the circumstances of the exportation. Specifically, as the price paid or payable for the goods by the importer to the trader, AsiaZone Co., Ltd.

PUBLIC RECORD

5 ATTACHMENTS

Confidential Appendix 1	Import Listing
Confidential Appendix 2	Forward Orders
Confidential Appendix 3	Profitability of sales
Confidential Attachment 1	Verification Work Plan