



Australian Government
Anti-Dumping Commission

**REVIEW OF ANTI-DUMPING MEASURES No. 365
APPLYING TO CERTAIN ZINC COATED (GALVANISED)
STEEL
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

**VERIFICATION VISIT REPORT - IMPORTER
STEMCOR (SEA) PTE 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**

November 2016

PUBLIC RECORD

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1 BACKGROUND

On 5 August 2016, an application for a Review of anti-dumping measures was lodged by J. Bracic & Associates Pty Ltd on behalf of Stemcor (SEA) Pte Ltd (Stemcor Singapore) for consignments of galvanised steel exported from China by Jiangyin Zongcheng Steel Co., Ltd (Zongcheng). The review period is 1 July 2015 to 30 June 2016.

Public notification of the initiation of the review was published on the Anti-Dumping Commission's (the Commission's) website on 30 August 2016. The background relating to the initiation of this review is contained in Consideration Report 365, 366, 368 & 371 which is available on the Commission's website at www.adcommission.gov.au.

Following the initiation, the Commission wrote to Stemcor SEA Pte Ltd. (Stemcor SEA) and other importers of galvanised steel inviting them to cooperate with the review. Stemcor SEA responded to the Commission's invitation and completed the importer questionnaire and relevant attachments.

The verification was conducted at the Stemcor SEA's Australian office (Stemcor Australia).

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

Stemcor SEA is the contractual party in the purchasing and selling of the goods and all transfers of funds relating to the shipments exported to Australia. Stemcor Australia provided the verification team its audited financial statements and Stemcor SEA's financial statements. The verification team is satisfied with the verification of the sales listing to audited financial statements.

Supporting documentation is included in **Confidential Appendices 1a and 1b**.

2.2 Verification of sales to source documents

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

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

2.3 Related party customers

The verification team did not find any evidence that Stemcor SEA or Stemcor Australia is related to any of its Australian customers during the review period.

3 IMPORTS

3.1 The goods

Stemcor SEA confirmed that it imported zinc coated (galvanised) steel during the review period, which matches 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 all the importation and selling costs listed by Stemcor SEA in its response to Part B of the questionnaire to the source documents in accordance with ADN 2016/30.

Details of the verification are contained in **Confidential Appendix 2**.

The verification team did not find any issues with the verification of importation and selling costs to source documents.

3.3 Import listing

Stemcor SEA confirmed that the import listing extracted from the ABF import database is a complete list of imports of the goods over the review period.

The verification team calculated the weighted average FOB export price by supplier at **Confidential Appendix 2**.

3.4 Forward orders

The verification team verified Stemcor SEA's forward orders by reconciling the listing provided in the importer questionnaire response to the company's records. The verified list of forward orders is in **Confidential Appendix 2**.

3.5 The importer

The visit team considers Stemcor SEA to be the beneficial owner of the goods at the time of importation and is therefore the importer.

3.6 The exporter

Subject to further inquiries, the verification team considers that Stemcor SEA's suppliers to be the exporters of the goods.¹

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.

3.7 Profitability of imports

The verification team compared the selling prices into the Australian market with the corresponding full cost to import and sell those shipments for each of the consignments on the Part B spreadsheet.

The verification team identified that with the exception of two shipments all of the selected shipments were profitable and these two shipments reported only minor losses. The verification team considers that it is reasonable to consider the overall sales were profitable.² The assessment is in **Confidential Appendix 3**.

3.8 Related party suppliers

The verification team did not find any evidence that Stemcor SEA is related to its supplier of galvanised steel exported from China during the review period.

3.9 Arms length

In respect of imports of the goods to Australia by Stemcor SEA 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.

While two of the selected shipments were found to be unprofitable, since overall the selected shipments were profitable, the verification team does not consider the loss from these selected shipments indicate that the importer, or an associate of the importer, would directly or indirectly, be reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

Therefore, the verification team is satisfied that import transactions between Stemcor SEA and the exporter are at arms length.

² The calculation of profitability does not include IDD paid as there is an established pattern of this importer recovering IDD with a reasonable time as part of the dumping duty assessment process.

4 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by Stemcor SEA from its suppliers:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporters; and
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries with the exporters, the verification team recommends that the export price for the goods imported by Stemcor SEA from the exporters can be established under s.269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less deductions, to the FOB level as required.

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5 ATTACHMENTS

Confidential Appendix 1a	Department and Product Sales report
Confidential Appendix 1b	Stemcor Singapore - profit and loss statement
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Part B – cost to import and sell spreadsheet