



**REVIEW OF ANTI-DUMPING MEASURES 368**

**APPLYING TO CERTAIN ZINC COATED (GALVANISED) STEEL  
EXPORTED FROM TAIWAN**

**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

**December 2016**

# PUBLIC RECORD

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### **1 BACKGROUND**

On 8 August 2016, an application was lodged by Appleton Luff Pte Ltd on behalf of Yieh Phui Enterprise Co., Ltd (Yieh Phui) requesting a review of the anti-dumping measures in relation to Yieh Phui's exportation of zinc coated (galvanised) steel (the goods) to Australia from Taiwan. The relevant 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](http://www.adcommission.gov.au).

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

The verification was conducted at the CITIC's Australian 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 did not find any issues with the verification of the sales listing to audited financial statements.

### 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 GST, the verification team did not find any other issues with the verification of the sales listing to source documents.

#### 2.2.1 GST

CITIC provided an updated Part C response to the Importer Questionnaire, noting that for one of the sales invoices, it had incorrectly noted down the GST inclusive price in the questionnaire response. This discrepancy is not considered to be material and the verification team verified that other sales had correctly excluded GST.

### 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 Taiwan 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 the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN 2016/30.

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

The verification team did not find any issues with the verification of the sales listing to audited financial statements.

### 3.3 Import listing

CITIC confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete 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 verified CITIC's forward orders by reconciling the listing provided in the importer questionnaire response to the company's records. 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 Limited, which has a common shareholder with the manufacturer, Yieh Phui Enterprise Co., Ltd.

Subject to further inquiries, the verification team considers that Yieh Phui Enterprise Co., Ltd to be the exporter of zinc coated (galvanised) steel.<sup>1</sup>

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<sup>1</sup> 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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### 3.7 Profitability of sales

The verification team calculated profit for the 26 sales transactions from the 12 selected shipments. Based on these selected transactions, the verification team found that, on a weighted average, these sales were unprofitable. 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 its supplier of zinc coated (galvanised) steel exported from Taiwan during the review period.

### 3.9 Arms length

In respect of imports of zinc coated (galvanised) steel 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.

However, earlier in Section 3.7 of this Report, it was found that on a weighted average, the shipments selected for verification were sold at a loss. In these circumstances, it could be treated as indicating that the importer will directly or indirectly be reimbursed, be compensated or otherwise receive a benefit for whole or any part of the price.<sup>2</sup>

Further consideration was given to whether the losses could be recovered within a reasonable time (12 months). However, after having regard to the price paid by the importer, other related importation and selling costs, the team found that there is a low likelihood that these costs would be recovered within a reasonable time. Details are contained in **Confidential Attachment 1**.

Therefore, the verification team is not satisfied that the import transactions between CITIC and its exporter are arms length transactions.

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<sup>2</sup> Subsection 269TAA(2) of the *Customs Act 1901*.

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### 4 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by CITIC from Yieh Phui Enterprise Co. Ltd (via AsiaZone) 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 not 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 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, that was not the exporter.

The verification team recommends that the export price for the goods imported by CITIC from Yieh Phui Enterprise Co. Ltd (via AsiaZone) be established under s.269TAB(1)(c), as the price that the Minister determines having regard to all the circumstances of the exportation.

Specifically, as the price at which the goods were sold by the importer less the prescribed deductions.

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### 5 ATTACHMENTS

<b>Confidential Appendix 1</b>	Export Listing
<b>Confidential Appendix 2</b>	Forward Orders
<b>Confidential Appendix 3</b>	Profitability of sales
<b>Confidential Attachment 1</b>	Verification Work Plan